THE Freeman

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MARCH 1965

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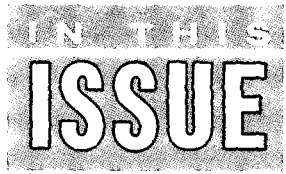

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THE Freeman

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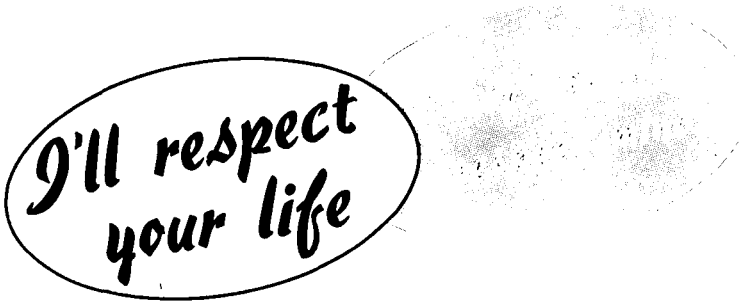
PAUL L. POIROT



IF A PERSON were to say to you, "I'll respect your life, if you'll respect mine," you might hastily react with, "Fair enough," and let it go. But the chances are that, after a moment's reflection, you'd begin to wonder what kind of a nut he is or just what he had in mind. Did he think you were about to attack him? Doesn't he trust you? Or, had he been thinking about attacking you? Perhaps he was trying to throw you off guard before launching his attack? That he would even think of offering such a proposition certainly places him under a cloud of suspicion! You might expect a child to thus bargain over whether to be good or not, but an adult . . .?

What you really would be saying to yourself, through such reflections, is that respect for life doesn't begin that way, as a deal between persons involved. Someone has to begin, and the beginning consists of the unconditional, unilateral decision: "I'll respect your life, and all life." This is an act of faith, faith that others will respond in kind to one's conduct toward them.

Respect for private property had its beginning in that same way, when someone decided: "I'll not steal." The idea never could have come to fruition had the proposition been: "If you'll not steal from me, I'll not steal from you." Someone, all by himself, had to begin not stealing, as an act of respect for his fellow man and an act of self-respect, self-confidence, self-responsibility.

Yes, the personal practice of freedom begins at home, with the individual. It begins with the unilateral, unconditional behavior of a person with a highly developed sense of moral responsibility, a

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sense of self-responsibility that grows out of self-respect. This must be the message of the admonition to love one's neighbor as oneself. A truly self-respecting individual sees the wisdom of respecting others, voluntarily and unconditionally acting toward them as he hopes they may react toward him, whether or not they have so acted in the past or agreed to act in the future.

The religious or moral case for the practice of the Golden Rule ought to be sufficient, but the practice also is sound from a strictly utilitarian point of view. It pays to respect the dignity of others and their rights to property. A very wealthy businessman once expressed the wish that everyone in the world might be wealthier than he. His point was that his services would be in even greater demand in such a society so blessed with riches. And the point would stand, whether a man has accumulated vast savings of his own, or not. In any event, whether wealthy or poor, it would be to his advantage to respect the property rights of all to whom he might hope to sell his own goods and services. Their property is all they have to offer him in exchange. And unless private property rights are recognized and mutually respected among men, there is no chance for the easy way of earning a living through specialization and voluntary exchange. It would be impossible to accumulate the savings that represent the tools and capital necessary to create job opportunities for workers. Unless property is respected as the foundation for voluntary production and trade, the only alternative is a dog-eat-dog struggle that literally leaves each person fighting for his life. That would be the hard way to live, and not many of us could hope to last very long if we tried it.

Our Daily Bread

In the vast majority of our daily affairs, most of us unconsciously follow the easy way. If we want a loaf of bread or a can of beans, we simply go to a grocer and buy them; it never occurs to us that the grocer wouldn't be there with his well-stocked shelves if we had failed to respect and uphold his rights to property. Nor will he be willing to sell to us unless he respects our right to the money (property) we offer in exchange for the bread and beans.

In contrast to this simple, easy way of life, suppose that we tried taking the bread we want through force. We'd probably organize the Amalgamated Militant Breadwinners of America in an attempt to outnumber and overpower the members of the Bakers Protective

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Association – with the result that very little, if any, bread would be baked, or consumed. Not everyone would starve to death, of course; many would have died in battle. That would be the hard way of life, the penalty Nature levies upon those who will not respect life and property.

Now, it's true that we may say to the baker, "I'll give you 25 cents if you'll give me a loaf of bread." And at that stage of the bargaining or exchange process, there is a deal involved, a *quid pro quo*, something for something. But the point to be remembered is that prior to any contract of sale, each party must show unconditional respect for the other fellow's property. Would you buy from anyone what you know is not his to sell? Your inclination, in that case, would be to take what you want, just as he did. So, property rights and trade go together, and tend to disappear together when either is threatened or jeopardized.

State and Federal Aid

This principle of respect for private property is not too difficult to understand and practice at the local level among those we know and love. But distance from home tends to becloud the issue. It is far from clear to many persons why the state government should not be called upon to stand between those who want to purchase schooling for their children and those who want to provide such education. And an overwhelming majority of the electorate can be mustered in favor of "state aid" for education. Thus, property rights are violated; property is taken from some, without their express approval, and designated for use by others who have not earned it. Lacking are both of the prerequisites for continuing peaceful exchange: (1) a *quid pro quo* or something-for-something, and (2) the prior unilateral expression of self-respect and faith – "I'll not steal." The result is a chronic shortage of educational facilities – a result that can be predicted with absolute certainty any time the government is invited or allowed to erect barriers between the willing buyers and the willing sellers of any particular commodity or service. If subsidies are offered to those in need of education, their "needs"–like any other subsidized "needs"–will expand beyond any possibility of satisfaction.

Rent control affords another example of the frustration of willing exchange. When the state or Federal government is authorized to come between landlords and tenants, setting a price too low to balance supply and demand, the result will be a housing shortage.

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When rental properties are thus confiscated, landlords will tend to divert their savings and efforts to other purposes. The higher the subsidy available to tenants, the more space they will want to occupy; and their demand can never be satisfied by that method. The intervention at the state or Federal level tends to blind and corrupt neighbors who otherwise might have respected one another and their rights to property.

International Trade

Finally, there are the questions of international trade, with the greatest possible distances and other barriers between buyers and sellers – where at least one government and possibly several governments are involved. An American importer might be quite willing to assure a Japanese exporter: "I'll respect your property; I'll not steal." But by the time such an assurance can be delivered through our State Department and theirs, translated into diplomatic language, it most surely will be offered as a deal: "If you'll first agree not to discriminate against our goods, we'll not discriminate against yours." This is like threatening a man: "If you cut off your nose to spite your face, I'll cut off mine!"–as if that would serve him right.

The simple fact, of course, is that it would be to the advantage of consumers to allow Japanese goods to enter the United States free of import taxes, whether or not the Japanese government taxes goods imported from the United States. The counter charge will be that this would deprive Americans of jobs. The charge is unfounded when the "job" market is viewed as a whole. But, more important, since when is it the duty of any American to make work for others to do? There is no future in such a business. A businessman's duty is to provide goods or services customers are *willing to buy*. If he can do so without working, or without employing anyone, more power and profit to him – the millennium will have arrived.

If anyone can buy goods from Japan for less than his cost of producing or buying them elsewhere, he should be free to do so – and no one would be injured as a consequence. This, like any other sound business practice, would simply free scarce factors of production for other and more profitable uses. His ability to ferret out better opportunities to serve and profit is the businessman's only excuse for existence as an entrepreneur. If this involves creative work for others, fine; but there never has been and never will be a market demand for work as such

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– the work must at least promise to yield something that workers, and customers, want.

Though the full strength of logic favors free trade internationally, as well as domestically, the stubborn myth prevails that especially in international affairs one should never unilaterally offer not to steal, not to kill, not to discriminate against the products, the services, or the persons of peaceful individuals. Misdirected nationalism blinds one to the fact that, by such discrimination, the nose he cuts off is his own.

Such border barriers to the free movement of goods and services (people) make tempting military targets, and thus afford dubious protection for the businesses or the lives of citizens. Yet, we hear it everywhere, every day: "If you'll first reduce your tariffs, we'll reduce ours." "If you'll stop inflating your currency, we'll stop inflating ours." "If you'll ship in our merchant vessels, we'll ship in yours." "If you'll grant rights of way to our airlines, we'll accommodate yours." "If you'll moderate your farm support policies, we'll moderate ours." "If you'll respect and protect private property in your country, we'll do so in ours." "If you'll let us use your canal, you may use ours." "If you'll cancel your flight to Mars, we'll cancel ours." "If you'll stop meddling in our business, we'll stop meddling in yours."

This is by no means the entire list, but it is sufficient to illustrate the confusion concerning proper procedure for international trade. This partial listing also may afford a clue as to the cause of the confusion: in most of these situations there is no clear title of ownership; the commodity or service is either owned or regulated by the government; instead of a strictly voluntary transaction between willing buyers and willing sellers, there has been injected an element of compulsion. This may well be the major reason why trading seems so complex at the international level. But it also may be the reason why we find complications arising as they often do in domestic transactions where national, state, or local governments have intervened with regulations and controls of one kind or another that cloud the titles of ownership and interfere with the seller's or buyer's freedom of choice.

A Corrupting Use of Power

Are we saying that governments are a positive evil when they constitute barriers between willing buyers and willing sellers and thus frustrate individuals? Yes, this is what we are saying, that governmental force or coercion is out of order when it is employed

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in a socialistic manner to interfere with the creative activities and voluntary relationships among peaceful persons. This is how governments behave when they are constituted or organized upon the contractual and unrealistic principle of "I'll respect your life if you'll respect mine."

We are not saying that this is necessarily the foundation for government or that government has to be socialistic and disruptive of peaceful human affairs. Among peaceful persons who have individually recognized the morality and wisdom of volunteering unilaterally not to kill, not to steal, not to injure another deliberately, there would be no need for government if everyone were capable of living according to his good intentions. Yet, within a society primarily comprised of property-respecting, peaceful persons, individuals make mistakes; and there is a place for an organized agency of force with sufficient power to suppress or discourage any errant threat to life or property. One may solemnly pledge not to break the peace himself and yet consistently advocate a government police force strong enough to overcome and subdue him if in a moment of rashness he should forget or violate his pledge. Self-control is a most difficult thing; a properly limited government is a form of organized self-control and may be helpful in that limited role. But when government exceeds that very limited purpose and begins placing barriers between willing buyers and sellers, it then becomes the positive evil we know as socialism and all of its variations.

When anyone tries to make a deal to respect your life if you'll respect his, tell him to forget it — but respect his life anyway, because it is the right thing to do.

IDEAS ON LIBERTY

Good all the Way

AS MORAL GUIDES, the Golden Rule and the Decalogue are not evil and dangerous things, like a painkilling drug, to be taken in cautious moderation, if at all. Presuming them to be the basic guides of what is right and good for civilized man, one cannot overindulge in them. Good need not be practiced in moderation.

F. A. HARPER, *Morals and the Welfare State*

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A MORAL CODE FOR RATIONAL MAN

WILLIAM HENRY CHAMBERLIN

LONG a sturdy and consistent champion of the free economy, with the free market and the profit system as its foundation stones, Henry Hazlitt in *The Foundations of Morality* (D. Van Nostrand, 398 pp., $9.95) brings the familiar gifts of his felicitous writing style, lucid exposition, persuasive logic, lightened by a good sense of humor, to the subject of the moral rules which should govern human conduct. What he offers is a system of practical ethics, not bound to but also not excluding any specific religious commitment.

Modestly admitting that it would be presumptuous for any writer to claim very much originality in a subject that has engaged the earnest attention of the world's greatest minds over 25 centuries, Mr. Hazlitt takes his stand pretty definitely in the tradition of the British utilitarian moralists, beginning with Hume and proceeding through Adam Smith, Bentham, and Mill. There is also a dash of pragmatism, suggestive of Benjamin Franklin and William James, in his view that there is seldom a clash between morality and happiness – that, in his own words, "immoral action is almost always shortsighted action."

Mr. Hazlitt sees in generally accepted rules of moral conduct an instrument for eliminating clashes between individuals and also between the individual and society. Believing that the word utilitarianism has perhaps outlived its usefulness, he calls his own ethical system by a new term, cooperatism.

Rejecting extremes of egoism

Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. In addition to writing a number of books, he has lectured widely and is a contributor to *The Wall Street Journal* and numerous magazines.

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and altruism, he rejects as a false antithesis the question whether moral rules should be framed to promote the long-run happiness of the individual or the long-run happiness of society. For, as he argues, only a rule that would do the first would do the second, and vice versa. Society is the individuals that compose it. If each achieves happiness, the happiness of society is necessarily achieved.

Author's Advantages

In considering public, as distinguished from private ethics, Mr. Hazlitt enjoys an advantage over his eighteenth and nineteenth century predecessors. Socialism and communism are no longer theories, of which the validity can be neither proved nor disproved by actual experience. Now about one-third of the world's population lives under communist rule, and a considerable number of other states have introduced varying degrees of socialism.

In view of the author's lifelong preoccupation with economics, it is not surprising that two of the most vigorous and incisive chapters in his book are devoted to the ethics of capitalism and the ethics of socialism, which he equates, as did Karl Marx, with communism. He comes close to the heart of the question when he remarks that the central issue between capitalism and socialism is liberty, and expands this idea with a significant quotation from Friedrich Hayek:

"Free enterprise has developed the only kind of society which, while it provides us with ample material means, if that is what we mainly want, still leaves the individual free to choose between material and nonmaterial reward. . . . Surely it is unjust to blame a system as more materialistic because it leaves it to the individual to decide whether he prefers material gain to other kinds of excellence, instead of having this decided for him."

Five Characteristics

Mr. Hazlitt lists as follows five basic characteristics of the free economy: Private property, free market, competition, division and combination of labor, and social cooperation. And he established a close, intimate relationship between the free economy and the maintenance of morality and civilization. For free enterprise is possible only within a framework of law and order and morality. Not only does free enterprise presuppose morality; it also helps to preserve and promote it, most of all by making possible the freedom of choice, which is a basic characteristic of any meaningful ethical system.

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Immoralism of Communism

The author emphasizes the basic immoralism of communism, the contempt for ordinary rules of decent conduct expressed in the writings of Marx, Lenin, and Stalin. It is not the least of the virtues of the free enterprise system that it makes for tolerance and discourages the fanatical willingness to sacrifice all principles of humane conduct in the name of an abstract goal to be realized at some time in the future.

Mr. Hazlitt does not hesitate to grasp the nettle of the "rather Red than dead" slogan. If the alternative were submission to communist slavery or the prospect of destruction in nuclear war, many of us, as he says, would choose annihilation as the lesser evil. But the alternative is false. When President Kennedy took a firm stand against Soviet missiles in Cuba, he improved the long-range prospects of peace. And, as Mr. Hazlitt says, appeasement on the part of the West, in the face of Soviet threats, merely increases the danger to the West. And he drives home this point with a little parable, "Johnny and the Tiger," which he originally published in *The Saturday Evening Post* and which is worthy of George Orwell, in the vein of *Animal Farm*.

Mr. Hazlitt has composed an excellent manual of conduct for a rational and humane society. If there is a fault in the work, it is perhaps inadequate consideration of the forces in human nature which make for irrationality and inhumanity.

Mystics receive scant consideration from Mr. Hazlitt and one misses some discussion of the philosophic Roman Emperor, Marcus Aurelius, perhaps the most inspiring of stoic thinkers. The work stands squarely in the framework of British common-sense rationalism of the eighteenth and nineteenth centuries, supplemented by such modern libertarian thinkers as Friedrich Hayek and Ludwig von Mises.

For its erudition, its exposure of the fallacies of statism and political and economic coercion, its smooth development of a system of practical ethics that is closely linked with jurisprudence and economics, *The Foundations of Morality* deserves a high rating among the many books that have been the fruits of Mr. Hazlitt's long and distinguished career as a publicist. Its appearance is an excellent accompaniment to the author's recent celebration of his seventieth birthday. ◈

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The Failure of International Commodity Agreements

KARL BRANDT

IT IS, if I am not mistaken, the goal of all free countries with government by law to diminish poverty, squalor, and drudgery for the greatest number of their citizens, and to expand opportunities to all self-respecting, responsible citizens to develop their personal potential. This goal includes the obligation of the nation to respect the dignity and integrity of all men of good will.

If this national goal is accepted, the economy must have the institutional framework to promote the gradual improvement of the real income of the people by improving the productivity of human, natural, and man-made resources. This requires, in the production of goods and services, more division of labor, specialization, and increased efficiency from research, innovation, and better management. But in order to have some orientation for such endeavor it is essential to give the consumer the sovereign power to allocate resources to the satisfaction of his needs and of his more and more refined wants. This provides the powerful incentive to all people to make the effort to earn the money to get the goods and services they want. Such an arrangement is ideally guaranteed in the market with freely moving prices by the daily plebiscite in which housewives and the consumer in general express their preference in francs and centimes, or dollars and cents.

In the modern economy, in which this allocation of resources applies to all goods, durable and nondurable, to houses and motor vehicles, and to all services – educational, medical, culinary, artistic, and to entertainment, travel, insurance, recreation, and multi-

Dr. Brandt, former Director of the Food Research Institute of Stanford University, is Senior Research Fellow and Economic Consultant at the Hoover Institution on War, Revolution, and Peace. This is a slight condensation of the English version of his first address as a foreign member of the Académie d'Agriculture of France, delivered in Paris in French, May 27, 1964.

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tudes of others – economic growth is bound to accelerate and to become all-pervasive. Such dynamic growth, to be stable and continuous, requires a high degree of mobility of human resources, such as shifts from the production of goods to the performance of services.

Such economic growth or development, which requires above all stability of the national currency and the discipline of monetary and fiscal policies to keep inflation in check, calls also for an optimum of foreign trade. It is generally agreed that the promotion of peaceful relations in this turbulent and dynamic world requires economic development in all countries, particularly those with still predominantly rural living conditions. This development in formerly colonial and other industrially retarded countries is definitely needed for the healthy development of the advanced nations, because industrial economies maintain growth and stability by a reliable flow of essential raw materials.

The Need for Leadership

Of all the conditions for increasing the income of the people in the world's rural countries, by far the most strategic are continued healthy and stable growth of the leading industrial countries and their avoidance of prolonged economic stagnation or contraction. Any idea of accelerating growth in underdeveloped countries by sapping the strength of industrial nations belongs in the moth-eaten fabric of ideas of Marxian determinism and the fata morgana of the dictatorially-ruled "paradise for all proletarians." Since these grand ideas have been tried for close to 40 years in a laboratory experiment with several hundred million people, they have lost their luster and gaudy colors.

Today, the economies of industrial and developing countries are mutually interdependent, as is the guardianship of peaceful cohabitation of nations. Hence, while the industrial countries need an adequate and growing flow of primary material from developing countries, they will pay for these, as well as for manufactured goods from light industries, by exporting to those countries an increasing volume of manufactured producer and consumer goods, and will also help them to industrialize gradually.

If this mutually beneficial exchange is to flourish, all nations must act in accordance with their optimal comparative advantage, i.e., the opportunity to produce and sell at lower unit costs. To let this principle work requires

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optimal diminution or removal of hindrances to trade expansion, not only import quotas and customs duties but the whole arsenal of nontariff trade impediments in lieu of duties.

All the proposed solutions have one common denominator. They suggest that, by setting up international and regional world-wide administrative machinery to control and regulate prices for optimal financial liquidity of developing countries, the pace of raising the income of the poorest people in the most agrarian countries can be accelerated at will, and that more perfect equity and justice in distribution among independent nations can be attained.

A Dubious Device

Perhaps the most persuasive and yet the most dubious proposal to remedy the instability of foreign exchange earnings of developing countries is the device of international commodity agreements, abbreviated in the literature as ICA. This form of intervention in the international market for primary commodities is an excellent example that makes clear where the generating power originates that drives a national economy, and how complex and delicate a self-adjusting system the market economy actually is. When I speak of the market economy, I do not mean a laissez-faire system with no rules, but a competitive private enterprise economy with effective enforcement by the government of regulations, quality standards, and rules for competition.

International commodity agreements are arrangements between contracting governments, aimed at preventing precipitous price declines of a primary commodity on the world market, in order to avoid serious balance of payment and illiquidity problems for the governments of the exporting countries. But the attempt to forestall disastrous price declines also demands that brakes be put on too steeply rising prices, because such increases may unduly stimulate expansion of production, with resulting sharp price declines later.

This remedy for price instability consists basically of a type of market intervention that was adopted in the late twenties and early thirties on the European continent, in the United States, and in other parts of the world: farm income support through guaranteed minimum prices for specified agricultural commodities. These price support policies amount to a compulsory government-controlled cartel, with innumerable variations in detail. Since more than 30 years of experience with this policy have accrued in the industrially advanced

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countries and in the world market, it is relevant for our discussion to summarize the *modus operandi* and the economic results of this remedial counteraction to price instability.

Once the government supports the price of a commodity, the price can theoretically still move, but only above the so-called "floor" or guaranteed minimum. By political compromise this level is deliberately set above equilibrium, which by definition is the price that would clear the market. The politically set level is meant to be remunerative to the high cost or marginal producers, the low income farmers on whose behalf price stabilization is mainly established. It is therefore unavoidable that the price, and the elimination of any risk of its change by government guarantee, will act as a forceful incentive, especially to efficient producers, to expand the area for the specific crop. To counteract this the government imposes an area limit, the so-called "acreage allotment." Some sort of base is needed for its determination; usually a historical base is chosen, such as each farmer's actual average acreage of the crop cultivated in several base years. However, the common experience in all countries is that the combination of a profitable guaranteed price with the acreage allotment acts as a still more effective incentive for increasing output per unit of land on limited acreage by more intensive farming. More fertilizer, better seed, more irrigation, better pest and weed control, more cultivation, and various other methods are used. Hence, the government has to buy and store more grain to keep the price at the support level.

The Sorry Results

Up to this point the results of this intervention are already remarkable:

1. There is no longer any mobility of the geographical location of production. It is frozen from the moment the allotments are established.

2. The unintentionally subsidized intensification of production has created surpluses that exceed effective demand.

3. Therefore, the government has to finance and operate storage of commodity stockpiles.

4. Hence, the government at taxpayers' expense has entered the commodity business.

5. The price can no longer move upward but is tightly pinned to the "floor." Instead of a price support or the guarantee of a minimum price, one has a fixed, totally inflexible price.

6. This fixed price still governs producers, processors, everybody

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in the trade chain, and consumers. The price signals are set in false position for all of them. Although an excess supply exists, everybody can act only according to the price which indicates shortage, namely by consuming less, by substituting other commodities. The processors and the speculative trade reduce stock carrying because the government keeps the excess stocks at public expense.

7. In other words: without any intent to do so, the government has socialized stock carrying.

8. As a further result, the most effective commodity price and supply stabilizing institution, the commodity exchange with its trading in future delivery contracts, is made idle.

However, even those are by no means all the side effects. The Treasury has to pay for moving the commodity into and out of storage and for storing it, as well as for losses when the surplus is disposed of. Thus, there are innumerable secondary beneficiaries of stockpiling excess output, such as railroads, truckers, labor union members, and many others. All these receivers of windfalls acquire a vested interest in maintaining farm price supports. Much worse is the fact that the market in farm real estate discounts the subsidy-earning value of the acreage allotment. Hence, price stabilization of farm products boosts the value of farm land; in due time higher land prices and rents on leased land increase the costs of farming and force more intensive use. This is another unintentional side effect.

Marketing Quotas Assigned

When the excess production begins to bleed the Treasury too badly, the next step is to tighten the cartel by efforts to control the supply in the market. In addition to the acreage allotment the government imposes on all farms a marketing quota, which is established by subdividing a national quota prorated in accordance with individual acreage allotments. This national quota is fixed by a precarious government estimate of how large the domestic consumption and the net export may be one year later. Since the marketing quota tends to be smaller than the output, it immediately poses the problem of a black market and the necessity of suppressing it by heavy penalties. Output that exceeds the marketing quota can be stored, converted, or consumed by the farmer, but it cannot be marketed legally. Even in countries with a customarily law-abiding farm population, the temptation to profit by disposing of such illegal supply by barter or other black deals is strong, and actual enforcement is difficult.

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The cartel price-fixing for agricultural commodities also unintentionally subsidizes increased production of the same commodity in other countries. Price-fixing thus creates effective competition abroad. Since it is politically unpopular and difficult to lower the guaranteed price level even when costs of production are declining, stabilization by political decision is practically identical with "stabilizing upward."

Finally, the greatest ordeal for the government agency responsible for operating the cartel is the obligation to dispose of the accumulated excess stocks so as not to undermine the fixed price. Such disposal would be simple if it were done by destroying the supply. Grain could be burned or dumped in the ocean, although even this costs money. But powerful social, moral, and political taboos prevent this solution for any major nonperishable food commodity. Only in the case of coffee in Brazil was destruction used as a market-corrective action. Therefore, the government must seek to release the excess of staple food commodities in foreign countries as gifts, on credit, or with lowered prices. Except for the gifts, this amounts to dumping, and has a deleterious impact upon producers in the recipient country, and secondarily on the exporting country's foreign markets and on its foreign economic relations.

A Commodity in Quarantine Still Affects the Market

It is a psychological fact that a commodity kept off the market by a government, in quarantine, so to say, is still a powerful factor influencing both the price and the actions of all parties in the market. Grain "in jail" is still grain, because if it is not destroyed it will in due time appear as market supply.

National commodity markets are a remarkably effective system of communicating vessels in which millions of interested consumers, retailers, wholesalers, speculators, and farmers keep the flow going. The idea of inserting into the market, via detours, major quantities of supply, under perfect quarantine or segregated from the ordinary supply, belongs in the realm of fiction. Only private charity distribution can minimize the impact on the market. Even the ably administrated food stamp plan of the late thirties in the United States proved that free food did not cause additional consumption of food, but actually subsidized consumption of other goods and services. To change the determined consumer's preference in his family budget decisions takes far more than free distribution of

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goods, the more so the poorer and prouder he is.

The cartel operation produces still other undesirable side effects. In many instances, particularly for industrial raw material products in agriculture such as cotton, jute, hemp, and sisal, the raised fixed price gives the greatest incentive to producers of substitutes. This exerts pressure on consumption of the original product, say cotton, at the expense of the farmer, whose marketing quota will be cut if national consumption shrinks.

The industrial temperate zone countries, which make a virtue out of the backwash of domestic political necessity and subsidize exports of agricultural raw materials such as cotton, thereby slide to the next necessity of granting more subsidies. Manufacturers of cotton textiles, who have to compete in the foreign market as well as in the domestic one, now need a subsidy to restore equal raw material costs. And so there are three recipients of subsidies: the farmer; the exporter of the farm product; and the manufacturer who uses the raw material.

However, I have not nearly exhausted the appalling record of unforeseen and unwanted distortions of economic processes caused by government intervention that attempts to remedy instability of commodity prices. Subsidized surplus disposal by gifts diverted to other countries can assist private charity that reaches the destitute, the sick, and helpless widows and orphans. But it cannot cure the causes of poverty. Only increased productivity on farms, in craftshops, in factories, and in the wholesale and retail trade can do that. It is here that the disposal of surpluses from abroad does its greatest harm. The majority of people in underdeveloped countries are small farmers who earn their cash income by selling farm commodities. Dumping such commodities in their market may be a boon to some of their customers in the cities, but the farmers resent it, and it diminishes the incentive for them to produce more.

One Control Leads to Others

I have yet to give the reasons why I believe that, whatever action may be taken to mitigate the impact of unstable commodity prices on the balance of payments of developing countries, the International Commodity Agreement method is not only inadequate and dubious but outright harmful to the best interests of the developing countries and to world trade in general. Basically, the sobering experience of sovereign governments of advanced nations with this enigmatic cartel policy in their national markets applies also

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to the immeasurably more difficult situation in the international commodity market.

The worst feature of all market intervention with price fixing is that, while dealing with one commodity or a few closely related commodities, this inevitably changes the relations between the price of the regulated commodity and the prices of all other commodities and services. The insertion of one rigid price into a range of flexible prices for some 160 or 170 agricultural products is like a boy who knows nothing about the meaning or the effects of the different positions turning switches at the control board of an automated factory. The far-reaching adjustments that farmers and all other affected parties must make to the accidental price relationships caused by fixing the price of one commodity are unpredictable. Therefore, such isolated treatment of the price mechanism for one country contributes more uncertainty tomorrow than there was instability prior to price fixing. The case for all such trouble-multiplying cures rests on the assertion that the adjustment of supply and demand under the rule of flexible prices does not function – an assertion that contradicts all evidence and economic experience.

The intent of stabilization is realized so long as the stabilization is upward. When, however, larger stocks have been accumulated and their disposal is unavoidable, the same consequences arise as in the case of price supports in domestic markets. Necessity commands that besides regular commercial sales, concessional sales be undertaken, or part of the supply be given away. This procedure leads to serious disorganization and corrosion of markets. The United States, with $6 billion worth of agricultural exports, disposes of over 30 per cent in the form of concessional deals. This is not done on principle. Far from it. It is simply the accumulated backwash of an ill-chosen method of social income support.

Enforcement of ICA regulations is even more difficult than is enforcement in single countries. When one begins to speak of "policing the markets of coffee beans," I wonder how one dares suggest the feasibility of such control in vast areas where the United Nations is faced with the problem of preventing the murder of rural people by armed bands.

Problems of the Board

Aside from the dubious state of effective government administration, a serious question is whether competing countries can possibly agree on export or production

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quotas and thus freeze the geographical location of production, or administer shifts in location. The board of an ICA must try to achieve principles of equity and justice for all signatory parties to the multigovernment cartel. Originally, commodity agreements included exporting countries only and thus represented producer interests exclusively. They led to defensive policies by importing countries and their effect was nullified. Naturally, the enthusiasm of producers diminished as consumers won equal representation on ICA boards. Yet, without importing governments, such cartels are doomed.

Today, all such agreements include major importing as well as exporting countries. This demands far more wisdom than the fairest and ablest board possesses. Suppose one exporter earns 80 per cent of foreign exchange from the commodity, another 20 per cent. When quota restrictions are necessary to raise the price, will the exports from both countries be cut by the same percentage? If not, what principle shall determine the degree of discrimination and the number of years it shall last? If drastic changes in costs of production or handling or transportation of the regulated commodity occur, which apply to one or more countries but not to all, shall all nevertheless receive the same price? If the commodity comprises a range of qualities, with lower grades produced at disproportionately lower costs, shall quotas treat all the same? Such questions indicate that ICA's are bound to end up with all kinds of soft political compromises on the main points of control over supply, and even of price arrangements.

Subsidizing the Competition

As soon as there is a serious contingency of substitution for the commodity by other natural, processed, or synthetic products, ICA price stabilization begins to sound the death knell for the original commodity. I indicated earlier that in many cases price supports operate, via detours of economic processes, to the long-run detriment of the cartelized producers. To prove my point that ICA's may become deadly poison I have only to mention the cases of rubber, wool, linseed oil, or tungnut oil.

Natural rubber was one of the commodities on which price stabilization ideas were tested in a world-wide experiment under Dutch and British management. The attempted producer-exporter cartel was mainly instrumental in pushing rubber plantations into other tropical areas, in stimulating experiments with other latex-yielding crops, and in boosting synthet-

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ic production of plastomers with large government subsidies in industrial countries. To kill the remaining industrial use of linseed oil, tungnut oil, or soybean oil, one need only fix the prices internationally.

Five ICA's are at present in existence: on wheat, sugar, coffee, olive oil, and tin. Only four, excluding olive oil, are important. The one for wheat is proclaimed by its supporters the outstanding success. It can be proved beyond discussion that the ICA's for wheat, sugar, and coffee amount to no more than sanctimonious declarations of good intentions. They have neither stabilized the incomes of the exporting countries nor avoided the whole range of unintentional distortions of world trade that do far more harm than good. Insofar as the wheat agreement has given some semblance of stabilizing price – though not income – it was due to the fact that the governments of the United States and Canada shouldered the burden of carrying the gigantic excess stocks. But both governments have had to enter into a multitude of noncommercial disposal arrangements that violate the principles of truly competitive international trade.

There is one little defect in all plans for administering economic progress at specified growth rates, which the econometricians usually fail to mention: no genius, no power in this world, has the ability to forecast the future supply, the demand, or the price for any commodity, or to predict the performance of one or of many national economies one, three, or five years from now. The most fabulous computers have not changed this situation one bit. We now know much faster and more accurately what has happened up to today. But as to the future, we get the wrong guesstimates also much faster, and with more scientistic trimming.

Restrictive compulsory cartel policies that raise prices to benefit high cost producers and artificially throttle output and supply to maintain such arbitrarily fixed prices, belong in the tool chest of the static society and its dirigism. Such policies are technically possible, but they are the antithesis of what the dynamic economy of an open and free humane society requires.

I expect much sound development in those primary material exporting countries that succeed in taming the monster inflation and, relying on their producers' ability to compete, pave the way for sound private investment of foreign capital, as the transfer of funds from government to government diminishes. ◈

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WINNER Take All!

EDMUND A. OPITZ

THE CENSUS of 1960 turned up one hundred and ninety million souls living in these United States. Of this number, roughly one hundred and eight million qualify to register as voters. This is 56 per cent of the nation, and this body of people constitutes the electorate of the United States. But, of the number of persons eligible to register, only eighty-one million have actually done so; twenty-seven million have not, for reasons ranging from indifference to intimidation. The total vote cast in the 1964 Presidential sweepstakes was roughly sixty-nine million. This is 64 per cent of the electorate, but it is only 36 per cent of the population. The 1964 election was won by a candidate who garnered forty-two million votes. This figure translates into 60 per cent of the votes cast, 51 per cent of the registered voters, 38 per cent of the electorate, and only 22 per cent of the population. This is "the majority" which, in the eyes of some political theorists, confers a mandate on the victorious party to impose its program on the reluctant "minority" of the nation, that is, on the other 78 per cent!

This is the theory of majoritarianism, ardently espoused by some articulate intellectuals. Here, for example, is Professor James McGregor Burns of Williams College. Dr. Burns declares that "... as a liberal I believe in majority rule and majority rule is a question of adding up 'bodies' (or, I hope, adding up minds)." Professor Burns believes that men who embrace the conservative position have thereby foresworn what he calls the numbers game, this game having been staked out by liberals as their very own. "Because as

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soon as conservatives start to base their principles on numbers," he writes, "*then* they're playing the liberal game (what they call the liberal game; what I would call subordinating their basic values to a liberal premise, which is the premise of majority rule)."

It may be conceded that a "majority" has, by definition, the power to bull its way through and work its will on the nation, but does it have the *right* to do this? Is there not some principle or right or rule of ethics which even a "majority" ought to acknowledge, and to which it should yield? Addressing himself to this question, Professor Burns rephrases it and then gives his answer. "What does a majority have the right to do?" he asks. "It has the right to do anything in the economic and social arena that is relevant to our national problems and national purposes – except to change the basic rules of the game."

Unqualified Majority Rule

That final disclaimer sounds like an afterthought, and some political theorists support the majority rule idea without qualification. Professor Herman Finer of the University of Chicago, for instance, writes, "For in a democracy right is what the majority makes it to be." In other words, the majority has the power to carry out its will, and thus whatever it does is all right; its program is right, by definition.

If so, then the liberals, by winning an election, have won the right to run the country as they please – including, Burns suggests, the right to be let alone by conservatives! The liberals now have a majority of the nation behind them, Professor Burns asserts, and "I want the liberals of the nation to have a right to rule in what I think is their day today."

Professor Burns seems not to have noticed, but in saying this he has abandoned the majority rule idea for the more exciting notion of Winner Take All! In the politics of winner-take-all – which is modern liberalism – officials begin to treat public office as their own private property, with benefits for them to enjoy but without the responsibilities owners assume in rightful property relationships. The national government becomes an article of commerce whose capture is worth over a hundred billion dollars annually to those who gain possession of it. Those who win an election, even by the slimmest of margins, have a mandate from the country – provided they are liberals! – to impose their program on the whole nation. It is amusing that those who begin

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by playing the numbers game in politics wind up with a mathematical absurdity; a majority, 51 per cent, is – in their book – not only equal to the whole, 100 per cent, but superior to it!

This is what the idea of majority rule boils down to. Stated baldly, it is absurd, but it is difficult to examine the notion of majority rule coldly because most of us are scared off by what majoritarians say are the alternatives to majority rule. Those who question majority rule are emphatically *not* thereby committed to minority rule, or one man rule, or rule by an elite – or any other kind of rule – meaning by "rule" the subordination of some to the will of of another. These are false antitheses, for all varieties of rule are on the same side of the ledger. On the other side of the ledger is the proper alternative to all species of rule, namely, the system of individual liberty. The system of liberty stands in contrast to majority rule, minority rule, and all other forms of rule. Individual liberty within a proper spiritual, moral, and legal framework is in one category; majority rule is in another. And the two categories must not be confused. When the alternatives are spelled out, that is to say, when we understand the implications of majority rule, on the one hand, and the implications of a system of liberty on the other, some will choose the former, others the latter. But obviously we cannot make an intelligent choice if there is confusion as to what we are choosing.

Second-Class Citizens

What does majoritarianism mean? Whenever a society subordinates every other principle to the principle of majority rule—or whatever the label authoritarianism may assume – it winds up with a political arrangement in which winner takes all; and the politics of winner-take-all results in a society with a permanent body of second-class citizens, a servile society. If a majority of the voters, 51 per cent, controls the whole society, then the 49 per cent who lose the election are prevented from exercising their full citizenship rights. I do not mean to say that the losers are completely deprived of their rights, for this is not the case; but the losers – merely by coming out second best in an election – no longer have the same rights as the victors. Some rights remain, but there is no longer equality of rights, and this is the critical point.

An illustration may make this clearer, an illustration from the field of religion, where the old principle of equality of rights is

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still pretty much intact. Suppose that my denomination, Congregationalism, were to grow and grow until, numerically, we were to constitute a majority of the electorate. Then suppose we decided to play the game of winner-take-all politics (as we once did, as a matter of fact, and kept on doing in Massachusetts, until 1833). We would win a national election and use the fact of victory at the polls to "establish" this denomination. Now that we are "established" we are able to levy taxes on Methodists, Baptists, Catholics, and Holy Rollers, and force you to contribute to our support. We would not, of course, close the doors of your churches, nor forbid you to attend services whenever you chose. All we'd do is deprive you of part of your income and property, and then we'd use *your* income and *your* property to promulgate *our* doctrines. If 10 or 15 per cent of *your* income is being spent by us to further *our* purposes, it's obvious that you have that much less money to spend on your own programs.

Not Religious Freedom

Now, money is not everything in religion, but it is something. It takes money to build churches and keep them up; it takes money to train and support ministers; it takes money to print hymnbooks and textbooks and send out missionaries, and so on. And it is obvious that your religious program will suffer to the extent that we force you to pay for *our* program. There is a sense in which you are still free to practice your religion, but you are not *fully* free to practice it; your religious liberty has been impaired.

Most people would say, as a matter of fact, that the society I have conjured up in my illustration does not have religious liberty. And anyone who argued — in defense of this arrangement — that the Methodists and Baptists shouldn't complain, but rather should work toward becoming a majority so that they too could operate a racket, would be hooted down, and properly so. The believer in religious liberty will not settle for an ecclesiastical arrangement which invariably puts minority religions at a disadvantage; he wants full freedom for all. Nor will the believer in political liberty settle for a theory which contemplates a permanent category of second class citizenship as an intrinsic part of its operation. And yet this is precisely what present-day liberalism stands for; this is what it offers us as the latest thing in politics and morals!

No majority had the right, un-

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der our original system, to impose its religion on any minority, or impair its freedom of utterance, or deprive it of property. But under the new dispensation "The Majority" is almighty. All it has to do is gain control of government and then it has a legal cloak behind which an actual numerical minority of the nation uses the governmental machinery to work its will on the rest of the society. According to the theory of majority rule, the governmental machinery is always "up for grabs" for such a purpose.

Neglected Questions

Collectivist regimes act as if the apparatus of government were the private property of officeholders, through which these men exercise their ownership of a country, and their power over the lives of the citizenry. The excuse offered is that "we are doing it to ourselves." What a misuse of language this is! If Methodists are doing it to Baptists or Congregationalists to Presbyterians, it is obvious that some people are doing something to other people; "we" aren't doing it to "ourselves." The "we" who are doing it aren't the same people as the "ourselves" to whom it is done!

Those who put their trust in majoritarianism proclaim that there is no other test of the goodness of a law than its ability to muster the might of the majority behind it. Any law that has majority support is a good law, by definition, and there is no other test. By the same token, government's role is to perform whatever services a majority demands of it, and short of not killing the goose, the majority is entitled to all the golden eggs it can get.

I have analyzed and condemned this doctrine; it deviates from earlier American practices, as well as from sound principles of political philosophy. Majoritarianism gives wrong answers to questions about the proper role of government in society, and it neglects questions about the attributes of good law.

The Prescribed Limits

No one can read our Constitution without concluding that the people who wrote it wanted their government severely limited; the words "no" and "not" employed in restraint of governmental power occur 24 times in the first seven articles of the Constitution and 22 more times in the Bill of Rights. Why this distrust, and what was their intention? These men understood the necessity of the police power in a society. But they recognized its potential danger, as well, and so they designed the machinery for keeping their

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government limited to the performance of policing functions. The police power is, ideally, competent to maintain the peace and order of the community, which is what the policing of a society means. If the police power – government – is limited to policing, then the society is free; the public sector is small and well defined, the private sector is large enough to give peaceful people plenty of elbow room.

The Constitution designed a federal republic with both territorial and numerical representation. It is improper to refer to the government in Washington as "the federal government"; it is the *national* government. The federal structure is comprised of the national government plus the governments of the sovereign states. Government is the power structure of society, and federalism limits power by dividing it between nation and states. Power is divided still further by separating functions within the several governments. The federal structure deals with the problem of power in much the same way as a Gothic cathedral handles architectural stresses. The enormous weight of the roof of one of these medieval structures presses outward against the walls and would level them, except for the flying buttresses which exert an equal pressure inward to maintain the building in a dynamic equilibrium. A national government tends to extend its sway over a whole nation unless its centrifugal force is countered by the centripetal force exerted by the states and the congressional districts.

The Philosopher-King

The structural complexity of the American system of government makes sense if we understand the premises of those who created it. They were concerned to limit and cramp the style of government in order to hamstring the proven capacity of men in power to do evil. The rather awkward machinery they put together may offend against elegance, but it serves admirably the purpose for which it was designed. It is not, however, an efficient, streamlined political mechanism, such as would be erected by those who believe government should be unfettered and strengthened in order to give the wise men who wield this power increased opportunity for doing good. This idea goes back to Plato's Philosopher King.

The Philosopher-King idea is first to create elaborate and powerful governmental machinery, capable of running society and doing wonderful things for The People, and then to put the wisest and best men in control. This ap-

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proach was repudiated in the Constitution, by the most sophisticated political thinking on record. This thought is premised on the understanding that human nature is such that if power situations are deliberately created, the worst men will gravitate toward them, and such good men as are given arbitrary power will be corrupted by it. At stake here are two contrasting estimates of man.

Two Views of Man

What is your reading of human nature and the consequences of power? Optimists and utopians tend to think in terms of erecting large and powerful structures of government with wise and good men in charge. Overlooking the corruption in human nature they dream of the benefits which might flow from such an arrangement. Realists, on the other hand, will try to limit the power of government in order to forestall evil men from snatching control of it and doing great harm. A federal republic along the lines of the American model is the product of this outlook. "When it comes to questions of power," wrote Jefferson, "let no more be heard of the goodness of man, but bind him down from mischief by the chains of the Constitution."

The very structure of constitutional government, then, reflects a philosophy of man; the political machinery itself disperses power and thus limits it. Then, those in the old-fashioned Whig and Classical Liberal tradition placed further controls on power by laying down the earmarks of good law. They may be briefly summarized. In the first place, a good law makes no pretensions to perfection. No human laws are in fact perfect, and the attempts of some to apply their "perfect" laws to imperfect human beings have been disastrous. A good law will take human shortcomings into account; it will reflect our limited understanding and sinful nature.

In the second place, a good law will be written so as to correspond to what the eighteenth century referred to as the Higher Law. A good law, in other words, will not violate our ethical code; it will not supplant morality with mere legality.

Equality before the Law

Generality is a feature of a good law. Everyone should be equal before the bar of justice, and so a good law is one which applies to all men alike and without exception. Men are different in several important ways; some are bright and some dull; some are rich, others are poor. There are differences of nationality, color, and religion; there are employers and

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employees, and so on. These are important distinctions and classifications – but not to the law! The law should be blind to such differences, and any law which is general, applying to one man as to all cannot have much wrong with it. Fairness in application coupled with proper enforcement induces respect for law and makes for a high level of law observance.

Besides being imperfect, moral, and general, a good law is conditional; it has an "iffy" quality about it. It says, *if* you steal, or *if* you defraud, or *if* you drive on the left side of the road, you will be punished. A good law takes the side of the negative, saying "Don't," or "Thou shalt not." This means that it is theoretically possible for a man to negotiate life without encountering the law, provided he sticks to the positive. The fifth and final point in this abbreviated list is something like the first; a good law reflects the customs and habits of a people – otherwise it is an attempt to reform them by law, and reformist law is bad law.

When a man thinks he's Napoleon, and acts on that assumption, the rest of us lock him up out of harm's way. Things aren't so simple when a whole society is smitten by ideas of grandeur. When a society projects its Napoleonic fantasies onto government, the picture unfolds much as we have observed it during recent history. Current history has given many sensitive people the jitters, as anyone can confirm for himself who will inspect the present offerings of our poets, playwrights, and artists. They testify to an epidemic sense of alienation and conflict. Man, they say, is at war with his own creations; he can't get along with his fellows, and he's at odds with himself. The modern malaise is not, of course, primarily political, but if it disposes us to retrace our steps to the point where we'd seriously overhaul our understanding of man's nature and his destiny, important political consequences would follow. Appraise man realistically and governments would lose their Napoleonic pretensions. Limit governments to policing functions and, although that alone wouldn't solve social problems, these would then challenge rather than threaten us. And challenge is just what we need to grow on! ◈

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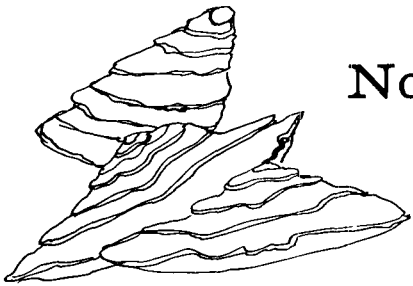

Nor Oysters from The Desert Sands

JOHN C. SPARKS

COMMUNITY LEADERS, striving "to get their share" of Federal funds for local projects to alleviate slum conditions and improve the city, are doomed to disappointment. For it is a law of nature that evil begets evil, regardless of good intentions, and no matter how often the mistake is repeated.

Recent comprehensive studies of the results of government urban renewal programs reveal that slum dwellers displaced from their homes are likely to find even worse housing accommodations elsewhere, and frequently at higher cost than they paid before.[1]

From *Barron's* of July 27, 1964, comes this editorial summation: "In short, the most striking achievement of urban renewal, whether in Stamford or San Francisco, Kansas City or Brooklyn, has been the wholesale bulldozing of human and property rights.... Under urban renewal more speculative profits than slums have been cleared.... Far from reducing the number of slum dwellers, it has swelled their number."

Not only are residents of low-income homes being pushed around without regard to their rights, but also the small businessmen who adequately serve these and other similar neighborhoods have found

[1] "The federal urban renewal program has made it more difficult for low and middle-income groups to obtain housing because of the amount of low-rent housing destroyed. Many of the families that are required to move go into housing as bad as or worse than their original homes in neighborhoods that are as bad or worse than their original neighborhoods. And they often pay higher rents at the new location." *The Federal Bulldozer* by Martin Anderson (The M.I.T. Press, Massachusetts Institute of Technology, Cambridge, Mass., 1964), p. 220.

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it impossible to continue in business under urban renewal. Peter H. Prugh reports in *The Wall Street Journal* of November 18, 1964 ". . . . the difficulties of the Hyde Park - Kenwood urban renewal neighborhood are typical. It is almost axiomatic that, when rubble makes its inevitable appearance in urban renewal projects, small businessmen as inevitably begin to disappear."

One could go on and on with examples of the urban renewal injustice forced upon those persons already in the lower economic strata of society. There is no doubt that urban renewal, as a means to improve housing conditions for these people, has been a dismal disappointment – though it is to be expected whenever ownership rights are violated, whenever self-reliance and self-responsibility are discouraged, whenever the voluntary choices of free people in a free market are frustrated.

The Chaotic Consequences

The chaotic result is that people are displaced from the best homes they could or would afford. The dispersal of old neighborhoods means broken friendships, removal of familiar faces and places, and the expiration of local church and social centers. Small neighborhood businesses simply disappear. How such chaos affects the lives of these persons, aside from the economic losses involved, is next to impossible to measure.

Leonard Read put it this way: "Damage cannot be done to the free market without an equal damage to man's nature. When men are compelled to look to a one-source decision instead of to the individual decisions of men, man is robbed of his wholeness. Self-responsibility . . . . the wellspring of man's growth, gives way to cheap politics, mass plunder . . . . and members of that society will tend more to rot than to hatch."[2]

During a recent seminar discussion on urban renewal, a question was asked typifying both the sincerity and the gullibility of the proponent who allows glittering goals to blind him to the wrong methods proposed.

Although the questioner had heard telling arguments and unimpeachable testimony of the failure of the government renewal program to bring better living conditions, he could not bring himself to face the truth of the situation. Surely, the cause of failure in communities everywhere over the nation must be due to inept leadership or lack of administrative ability, he rationalized. Confident of these reasons for the failures, and equally confident that

[2] "On Freedom and Order," *Freeman*, January, 1965.

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neither of these faults would be repeated in his city, he was sure of the program's success, if only his city would participate – economic and moral facts of life be hanged! His anxiety to help his fellow man toward better living conditions clouded his reason.

As an analogy, let us suppose that numerous municipalities all over the country had recently decided to run their police cars on water rather than gasoline. Due to the national publicity and claims of success by municipal officials, the local city council considers switching its patrol cars from gasoline to water also. In reply to protests, the advocates suggest that the automotive maintenance engineers in the other communities, where failures have been rumored, surely must have been incompetent and unfit; but the members of the local city council, being men of wisdom, will find a qualified automotive engineer who, with their help, will make no mistakes. Will the switch succeed? No answer is required. The outcome of the scheme is clearly foreseen and one could not but wonder at the foolishness of its supporters.

Yet, is not an artificial, unnatural substitution of government urban renewal for the operation of free enterprise in a free market just as clearly unworkable?

A Rational Universe — and Our Lives Depend on It

Man exists in a rational universe, and doubtless would perish if it were not rational. Apple trees grow apples and can be counted on to produce apples, rather than grapes or blackberries, next harvest season. Oysters come from waters of the sea, not from the sands of the desert. The seasons of the year occur in never-ending rotation; never yet has winter followed spring. There is a steady certainty about mathematics. Even romantic musical tones are of certain quality and can be defined by the number of vibrations per second.

Over the centuries we have come to know that not all kinds of action will bring desired results in a rational universe. Only those causative actions consistent with the final results will succeed in producing them. Thus, the proper design of an airship will enable it to fly in the manner conceived by its creators. However, if a designer were inept, and an attempt were made to fly his creation, one could reasonably expect a frightening crash at the end of the runway. No matter that the designer was enthusiastic and ardently wished his airships to fly. No matter that this intent was good. Desire alone will not overcome the inconsistency of his

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design with the natural laws of the universe – nor will the sincerity of his intent prevent the shattering devastation of airplane metal and human bodies.

Historian Clarence B. Carson, noting that industry, thrift, and frugality lead to independence, rewards, increased possessions, and savings, explains that "these actions are not good because they have good consequences; they have good consequences because they are good – i.e., that they are in keeping with the moral order. Self-respect begets respect for others; honor begets honesty; fidelity begets faithfulness."[3] And the converse holds equally true: sincere, well-intended ignorance in the selection of a fallacious means begets nothing but despair and disappointment – evil begets evil!

[3] *The American Tradition.* (Irvington-on-Hudson, New York: The Foundation for Economic Education, Inc., 1964), p. 238.

Expropriation of private property, without the owner's consent, falls squarely within the definition of stealing – certainly an immoral action. Yet, that is the standard procedure in Federal urban renewal programs, and the results are consistent with the immoral nature of the action, notwithstanding the good intentions of civic leaders seeking to provide better living conditions for residents of slum housing via government aid. An improper means, consequently and logically, must yield unhappy results.

One cannot run a gasoline engine on water. One cannot put an airship in flight with malformed wings. Elberta peaches will not grow from a clump of thistles, nor oysters from the desert sands. Nor can well-functioning communities be expected to sprout from the government-planned frustration of the lives of individuals. ◈

IDEAS ON LIBERTY

State Medication

THE WORST THING that can happen to a working man is to work for a company that isn't making money. Such a company, not growing, can never provide individuals with the security and opportunities they would like to have. The liberal who cries out for broad welfare measures and state control lacks inherent faith in people and in our free society. He treats them as though they were some type of chronic disease. As a result his approach has been one of continuous medication by the state.

L. C. MICHELON, Republic Steel,
to NAM Institute on Industrial Relations, 1964

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BRINGS FORTH THE EYE

LEONARD E. READ

THE LONGEST way round may sometimes be the shortest way home, even when "home" is the free market economy and its ideological running mate, individual liberty. My thesis is that most devotees of freedom have been attempting an illusory short cut, following a mirage so to speak; whereas the right way to the free society is both long and difficult – but possible.

First, a word of background about "home," that is, the goal or where it is we want to go.

Our economic world is being torn asunder, but so pronounced is popular opinion to the contrary that one must insert, "in *my* opinion," to qualify the judgment. But this is, indeed, *my* opinion. Simply observe: The American people are turning away from the free market; they are looking more and more to government for their security, welfare, and prosperity, and calmly accepting the controls incidental thereto. Such abandonment of self-control in favor of state domination means economic regression over the long pull.[1]

In view of this unmistakable and continuing trend, it behooves citizens interested in freedom to reflect seriously on an effective way – regardless of how long the way may be – as an alternative to the illusory and futile short cuts most of them have been attempting.

Let us concede that the American people are sharply divided on the question at issue. On the one side are the millions who give enthusiastic approval to governmental responsibility for security, welfare, and prosperity. On the other side are the very few who see only ruin in the current drift,

[1] For a further development of this point, see "Freedom Follows the Free Market," by Dean Russell, *The Freeman*, January, 1963.

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who have a profound faith in free market processes and rely exclusively upon them for economic progress.

What's Wrong with Them, or with Ourselves?

Being one of the latter few, my purpose is to discover why the millions do not understand what we understand, or what ails *us* who would bring understanding. Are they not educable and, if not, why not? Is there something out of kilter with our educational methods and, if so, what is it?

What of these millions, the enthusiasts for statism? Could it be that they have really lost heart for an economy richer in its material outpourings than any other ever known? Ortega suggested this possibility:

> We are now beginning to realize that these centuries, so self-satisfied, so perfectly rounded-off, are dead within. *Genuine vital integrity does not consist in satisfaction, in attainment, arrival.* Cervantes said long since: "The road is always better than the inn." When a period has satisfied its desires, its ideal, this means that it desires nothing more; that the wells of desire have been dried up. This is to say, our famous plenitude is in reality coming to an end. There are centuries which die of self-satisfaction through not knowing how to renew their desires, just as the happy drone dies after nuptial flight.[2]

If Ortega was correct, then we live in a period which has satisfied its most urgent "desires, its ideal." In order to weigh properly the nature of this "ideal," we need to contrast it with the general poverty of less than 200 years ago. According to Adam Smith, there were mothers who had to bear 20 children to assure two reaching adulthood. Life expectancy at birth was less than 39 years, as against today's 70!

Then came the Industrial Revolution followed by the flowering of specialization and freedom in transactions: the free market economy more fully realized than ever before. Reckoned in terms of evolutionary time, we witness in only a moment millions upon millions of people rising from abject poverty to a state of unprecedented affluence – millionaires galore and an enormous upper middle class with the power to acquire luxuries of every sort – our "famous plenitude." Indeed, so fantastically has this approximation of the free market performed that countless people – with little ability and little effort – have acquired great wealth. Because of a freedom they know nothing about,

[2] From *Revolt of the Masses* by Ortega y Gasset (N. Y.: W. W. Norton & Co., 1932).

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many have in real life approximated the fantasy of something for nothing.[3]

No Place to Go

This emerging from abject poverty to a state of great affluence has been a fascinating experience for Western man; wealth became his desire, his ideal, his aim in life. Millions fulfilled their desires, and the rest came to believe that fulfillment was just around the corner. Political opportunists with their something-for-nothing schemes assure them of this.

But reaching a goal dries up the desire for it. The road is always better than the inn. Ever so many of those with materialism as their god are now at the inn. There is no more road for them, no place to go – and no happiness at the inn! Millions of affluent Americans are less satisfied than Russian peasants still on the road, struggling in vain for the same false god but unaware of the hopelessness of their struggle. In this sense, "ignorance is bliss."

An ideal is the conception of something in its perfect form and, thus, it is beyond the reach of imperfect men. Anything that is attainable loses its ideal qualities. If becoming wealthy is held as an ideal, what remains after wealth's attainment? The ideal vanishes the moment the inn is reached; the situation is "rounded-off, dead within."

The reason for this catastrophe appears simple enough: Western man has confused means and ends. There is a moral purpose in a good economy. The aim is not to finance luxury, opulence, retirement from the road, a fancy suite at the inn. Wealth used thus proves to be an empty end or objective of earthly existence. Wealth, if its moral purpose is to be achieved, is but a means of freeing oneself from the enslavement which poverty imposes. Wealth consists of all the tools that make possible the refinement of those aptitudes and faculties for which each individual is best fitted; it permits everyone to freely exchange the product of the resultant specialization. Wealth—the services of many others in exchange for one's own contribution – affords each man a better opportunity for getting more ef-

[3] The gaining of wealth without ability or exertion must not, from the economist's standpoint, be condemned. The value of a good or service is not determined by either ability or effort exerted but, instead, by what others will give willingly in exchange. The making of a funny face on TV may have more value than the labored efforts of a college professor. For a brief study of this all-important subjective theory of value, see *Value and Price*, by Eugen von Böhm-Bawerk, 160 pp. Obtainable from the Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. Paper, $2.00.

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fectively into life. But wealth can be quite as enslaving as poverty if used to escape from life, which is the case when wealth is regarded as an end in itself. Wealth should not be considered an ultimate desire or ideal but, rather, a means for the more efficient pursuit of something that can qualify as the ideal.

Persons who desire wealth for wealth's sake, as their ultimate desire, are in trouble if they attain their ideal. Ortega concluded that they die of self-satisfaction *through not knowing how to renew their desires.*

Assessing the Obstacles

Let us now consider the obstacles that confront the few who would, if they could, halt the drift into statism and turn toward the free market economy and individual liberty. It is a fatal error to underassess the difficulty:

- Wealth or materialism as an ultimate desire has proved to be a dead-end road, and the millions who have concentrated exclusively on it as an ideal cannot, by themselves, find anything else for which to yearn and strive, anything that can qualify as an ideal. Persons who have been able to obtain so much for so little are inclined to mistake their opulence for a personal wisdom and, thus, are not easily teachable. They lack an eye with which to perceive the principles of freedom.
- The millions who haven't yet become affluent, the ones who envy the affluence they see about them, as well as the ease with which it came, and who can be taken in by something-for-nothing schemes, are not easily teachable. They also lack an eye.
- The millions with a hankering for power and who see appeals to mass gullibility as a means to attain it – those folks who specialize in contriving something-for-nothing schemes – are far from teachable. They especially lack an eye for the free market philosophy.

Even though the above references encompass many millions of people, they hardly "scratch the surface." I am merely trying to establish the point that we are confronted with a blindness problem; that is, there isn't much in the way of an eye to perceive the free market and its miraculous workings.

It is appropriate, however, that we first assess our own faults. Can it be that we, also, are afflicted with blindness? Unquestionably, yes, for many of us insist on trying to take nonexistent short cuts, and we learn nothing from

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our experiences. In a word, many of us refuse to concede that the longest way round may be the shortest way home.

An abbreviated self-portrayal, a sort of montage of us few: We have no trouble at all in seeing through the sham of the attractive nicknames and the loftily worded preambles of political power schemes. There is no distraction to us by reason of these wordy adornments. A very good eye here! Nor are we blind as to their essence. We clearly see that all of them, without exception – TVA, Post Office, Farm Allotment Program, Urban Renewal, or whatever – are no more than something-for-nothing concoctions.[4] We see that these grandiose political plans are founded on something being given in return for nothing, and given by a government which *has nothing of its own to give.* An excellent eye up to this point!

But beyond this comes the blindness: Too many of us wish to correct the thinking of these millions who approve false measures by "telling 'em off"; to spread the true word by pounding into their heads that there's no such thing as a free lunch, and that these schemes are a fraud and delusion; to elect the "right" people to public office. And more: to give them economics in capsules; to put the gist of our wisdom in parables; to get our message across to the masses; to convince the man in the street. As the sales manager puts it, "Get out there and sell! sell! sell!"

Education is a *drawing forth* process, induced by an attraction to light. These attempted short cuts, on the other hand, are *pushing* thrusts, and if they have any effect at all, it is to repel. They do not serve to educate. The record is clear on this. Better nothing than these.

The Pursuit of Excellence

Not only is the longest way round the shortest way home, it is the only way home! The formula, as old as thinking man, is simple in pronouncement but as rare and difficult of achievement as any of life's disciplines. It is the road that has no earthly inn, the ideal unattainable, the renewal of desires that knows no satiety; it is, as Hanford Henderson phrased it, "the passionate pursuit of excellence in everything." This he termed "a religion."

[4] Some of the millions will counter that people pay for TVA power and light, for postal service, for money borrowed from government, and so on. They do, in part. But the feature of these socializations is below-cost and below-market pricing. It is the uncollected part which has to be met by taxpayer subsidy that is the something the "beneficiaries" will receive in return for nothing.

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Relating this longest way round to the problem at issue, it is plain that millions of citizens, at least in their present state, cannot perceive free market processes. For these they have no eye. What brings forth the eye? Why the light itself brings forth the eye!

We see that animal species committed to the depths of the sea or to subterranean existence lose or never develop sight, and from this conclude that where there is no light there is no eye for seeing.

Nor need we confine these observations to the kind of light that can be precisely measured in candle power. The same principle is applicable to that inner light – enlightenment – which we know not how to measure. In societies where there are no enlightened individuals we also note that there is neither light nor eyes developed to perceive it.

Where the eye is blind or underdeveloped, disaster to a once great economy cannot be avoided. Thus, any person concerned about the environment in which it is his lot to live, is warranted – yes, selfishly justified – in doing what he can to bring forth the eye. But analysis reveals that one's influence in this respect is limited to self-perfection, that is, to increasing one's own candle power; approximating, as nearly as possible, one's creative potentialities; acquiring the ability not merely to perceive but to *conceive* ideas; in a word, it is the art of becoming human.[5]

It is this long way round, the continual emphasis on personal emergence in consciousness and awareness, along with ever-improving expository qualities–self-generated enlightenment – that should be what we mean by *individualism*.

It is, of course, as unindividualistic as it is futile to urge this form of individualism on anyone. Individualism, in this highest sense, is a product of the Creative Light and of self-urging. But of one thing I am certain: Regardless of any pretensions to the contrary, no one but an individual dedicated to and having success with his own upgrading has any influence whatsoever on bettering the perception of others, on improving society or the free market or whatever. Can one develop light enough to open eyes? That's the question. For light, and light only, brings forth the eye!

If this longest way round has the "fault" of being difficult, it at least has the virtue of being realistic – and possible – in *my* opinion. ◈

[5] For a further exploration of this idea, read Lecomte du Nouy's commentaries on the evolution of man, especially Chapter XI in his *Human Destiny*. Now available in paperback. A Mentor Book.

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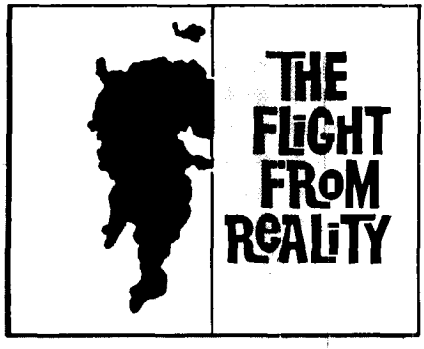

6. An American Dream

CLARENCE B. CARSON

No man any more has any care for the morrow, either for himself or his children, for the nation guarantees the nurture, education, and comfortable maintenance of every citizen from the cradle to the grave.[1]

— EDWARD BELLAMY, 1888

THE ATTRACTION of ameliorative reform is the promise of a better world in which to live. There may be some exceptions to this rule, notably for those who find in reformist activity the means of exercising power over people. But for the generality of people improvement, not power, has been the lure. They have been drawn into the labyrinth of reform programs by visions of what the world would be like when the reformers had instituted their reforms. Utopian visions have been the magnets pulling peoples into the orbits of reformers.

Yet, so far as we know, most people have rejected and do reject the possibility of utopia. "Utopian" is a term of derision for describing impractical dreamers. The more practical minded perceive the fallacies in the utopian blueprint. Those with keener imaginations foresee the emptiness of utopia, even if it were possible. Man was meant to strive, some will say; contentment is for cows. Even so, it may be that the argument against utopia that has the broadest appeal is the manifest impossibility of achieving it. In short, man and the universe are not so constructed as to make utopia possible.

But the reformist bent has triumphed in America, and in many other places, in our day. And

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1 Edward Bellamy, *Looking Backward —2000-1887* (Boston: Houghton Mifflin, 1888), p. 90.

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ameliorative reform has as its implicit goal the achievement of utopia. How can this state of affairs have come about? How can men have rejected utopia and embraced reforms which have as their end the achievement of utopia?

From Reality to Utopia

Two developments made such a contradiction appear not to be one. First, there was the cutting loose and flight from reality. This did not make utopia appear possible to most sane people, but it did help to render programs and plans drawn from utopian visions apparently feasible. Second, a particularization of utopia took place, and social reformers advanced what appeared to be limited programs which they hoped would move them to their ultimate goal. At the same time, though, that the means were particularized in specific programs, the goal was generalized into such hazy rhetorical phrases as peace, prosperity, and progress. Thus, a reversal of the utopian mode occurred as the attempts were made to actualize utopia. In utopian literature, the goal – the good society – is often pictured in luxuriant detail; while the means to the arrival at this goal are not usually specified. Note that the utopian could thus avoid the odium that would be associated with the coercion and revolution by which his goal has to be pursued, and the reformer could avoid the disrepute attached to utopianism.

It is hazardous, however, to follow a general analysis of these developments any further. These generalizations do not do full justice to the complexity of the phenomena. Moreover, the above formulations may be interpreted as implying that utopians and reformers have intentionally played down or remained silent about certain facets of their programs. This may not have been the case. On the contrary, utopians did not envision the force and violence which would accompany efforts to arrive at their goals. By a similar myopia, reformers need not know that they are utopians. It must be kept clear that intellectuals have not only drawn others into an illusory mental realm; they are quite often victims of the same delusions. This was made possible by the flight from reality. But the point at hand is that the impetus to the flight from reality which has eventuated in the triumph of melioristic reform was provided by utopian visions, though these have long since receded beyond the horizon from whence today they emit the colors that are identified by believers as peace, prosperity, and progress.

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The American "Lag"

Those advancing the flight from reality had great difficulty in launching America. The fact has not been sufficiently appreciated. When writers note that Americans did not rush to adopt ameliorative reforms as avidly as Europeans, the matter is often treated as the "social lag" of Americans. Americans "lagged" more than fifty years behind Germans in providing certain kinds of "insurance" programs for workers. Americans "lagged" many years behind England in providing old-age pensions, and some several years in empowering labor unions. Contrariwise, France is far ahead of the United States in rent controls (and in housing shortages), and England is much further along the road to completely socialized medicine.

The matter can and should be described in quite different terms. Americans held out against the lure of utopia, the promises of reformers, the blandishments of revolutionaries much longer than many Europeans. Reform, when it came to America, was more moderate and mild than in most European countries, and did not so drastically alter the existing situation. Still, it has come, and the gradualness of the movement has obscured for many Americans the import of it.

There were tremendous obstacles to the triumph of reformism in America. The institutions, traditions, habits, and beliefs of Americans ran counter to the outlook and practices associated with ameliorative reform. But, the casual observer might object, on these grounds reformism should have come much more readily to America than to Europe. No country was more deeply locked in age-old ways than Russia. The British tradition was hoary with age before America was an adolescent. Surely, America was more flexible than bureaucrat-ridden France, the American more amenable to reform than the Slavic peasant. Besides, the governments in America were generally more responsive to the populace than in Europe.

The greatest weakness in these objections is a misunderstanding of how reformism has been advanced, and by whom. If the "people" had originated and advanced ameliorative reform, it should have come very early to America. Traditions and customs in America were not so firmly fixed as in many countries. On the other hand, popular government was much better provided for in America than in most countries. To blame governmental intervention and security programs upon democracy, however, is to confuse effect with cause. Undoubtedly, there are now many people who

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have vested interests in certain governmental programs, and there are many others who have accepted the notion that their prosperity is due to the efforts of politicians. But these are effects, not causes, though they do contribute to the continued feasibility of politicians advancing ameliorative reform. Reforms were and are advanced by *intellectuals* (and their satraps among the bureaucracy). In any country where there was a moderately enlightened electorate, it has taken many years of vigorous activity to get a majority for reforms of any great dimensions. The experience of reformers in England and America should give ample evidence for this statement.[2]

Drastic social reforms were introduced most readily in Russia, Germany, and Italy. It was the work of intellectuals, or pseudo-intellectuals. These were countries without a lengthy experience in popular governments, but countries within which tradition was strong. But the intellectuals were – as they have tended to be increasingly everywhere – disaffected from the tradition. Not only was tradition without effective spokesmen quite often, but also the populace was inexperienced in defending it.

Stabilizing Influences

In America, things were quite different. The United States Constitution had been formed by the leading thinkers in America. Much of the political tradition had taken shape in the historical memory of much of the populace. The traditions had been freely formed, for the most part, and had the support of intellectuals for most of the nineteenth century. Americans revered their institutions, took pride in them, were accustomed to thinking of them as the best in the world.

Equally important as an obstacle to reform was the character of American institutions. The United States Constitution – and probably most state constitutions – is a conservative document. That is, the government which it provides for makes change difficult to accomplish. For a bill to become law it must be passed by a majority of the House of Representatives, a majority of the Senate, and signed by the President. Even then, it may be nullified by the courts as being unconstitutional. The Constitution can, of course, be amended, but amendments must

[2] There is, of course, a demonstrable corollary between universal suffrage and the triumph of reformism in many countries. And reformers have been eager proponents of universal suffrage. The significance of this is not far to seek: the illiterate, unpropertied, and politically inexperienced succumb more readily than does a limited electorate to the promises of reformers.

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be approved by conventions or legislatures in three-fourths of the states to become a part of the Constitution. Yet there can be no legitimate occasion for violent revolution on majoritarian grounds, for the Constitution can and has been amended, and laws can be and have been passed. (It should be noted here that reformers have managed to advance their unconstitutional programs in the twentieth century without getting the Constitution amended. How they have done this will be taken up later.)

The Constitution was the bedrock of political reality to Americans for most of their history, too. There was good reason for this belief. It was written and approved by men deeply immersed in historical experience and accustomed to attending to the enduring nature of things. It is often alleged that the endurance of the Constitution can be ascribed to its elasticity. The fact that it has lasted so long might better be attributed to its foundation in enduring realities, in realities about the nature and purpose of government, about the nature of man, about the dangers of concentrated power, and about the importance of limited action. The principles derived from these realities were the bases of the checks and balances instituted. These latter were mighty buttresses to liberty just as they were formidable obstacles to reform.

A Multiplicity of Dreams

It was with some trepidation that I decided to call this piece "An American Dream." It is mainly about a utopian vision, and utopia was not *the* American dream. Indeed, there was *no* American dream, and this becomes apparent when the situation is viewed historically. There were many American dreams. From the earliest colonial days the diversity and multiplicity of American dreams are obvious. The Puritan leaders in New England had one kind of vision, the settlers of Virginia another. The society envisioned by Quakers in Pennsylvania was different from that of those who planted North Carolina. The dream of Roger Williams in Rhode Island differed dramatically from that of the Lords Calvert for Maryland.

Nor when a united body had been wrought out of these diverse elements did the multiplicity of dreams disappear. The American agreement, as I have pointed out elsewhere, was an agreement to disagree. American unity was not fashioned by the crushing of diversity but by providing a framework in which each man could have his own vision, dream his

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own dream, make his own way. If a man had visions of utopia, and some did, he was free to pursue it alone or in the company of others, so long as the others joined him voluntarily and could leave when they were ready. The American way was the voluntary way. It was, in essence, individualistic.

Religious and Political Liberty

Still, there were dreams shared by a sufficient number of Americans that they could be called American dreams. One of the earliest and deepest of these was the desire of men to practice their religious beliefs freely. For most, this was not yet a vision of religious liberty when the earliest settlements in English America were made. The Pilgrims only wanted a place to practice their own version of Christianity; so it was, too, with that larger group of people known as Puritans. They drove out dissenters from among them, proclaiming that those who disagreed with them were free – free to go! Even the enlarged view of religious freedom in Maryland after 1649 encompassed only those who prescribed to certain tenets of religious orthodoxy. Some of the Anglican colonies – notably Virginia – permitted no other religious practices. But by the time of the American revolt from England many Americans had come to accept a new vision, a vision of a land in which each man might freely choose and practice his religion without let or hindrance. Within a few decades, this had become the established practice throughout America.

There was another shared dream, too. It is aptly described in a phrase used by Dumas Malone and Basil Rauch as the title of a textbook for American history. Americans hoped to create an *Empire for Liberty*.[3] The word "empire" had not been loaded with pejorative connotations at the time of the founding of the Republic. It was still a descriptive word. It meant the presence of diverse peoples – diverse in origin, in religion, in language, and so on – under one system of government and one flag. The dream of an empire for liberty in America, then, was the dream of many peoples united by a single constitution, one which protected them in their diversity and provided for individual liberty. This was the American political dream, and it came very close to realization in the course of the nineteenth century.

Many individuals shared a dream, too, each for himself. The essence of the vision is captured in the phrase, *personal independence*. Americans used more

[3] (New York: Appleton-Century-Crofts, 1960, 2 volumes).

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earthy phrases to describe the vision: "to be one's own man," "to be beholden to no man," "to be free, white, and twenty-one." The articulation of this vision ranged from Thomas Jefferson's prized yeoman farmer to Horatio Alger's youth who made good in the big city. The dream was realized (and still is) by many Americans, though not all went from bobbin boy to industrial magnate as did Andrew Carnegie or from obscurity to great influence as did Dwight L. Moody. But affluence and influence were the further reaches of the dream, for it could be both modestly envisioned and fulfilled. For most, it involved such things as a home of one's own, a shop or store with a dependable clientele, a farm free of debt, and so on through the variation of goals which free men may set for themselves.

These were not visions of utopia, nor of euphoria. They involved hard work, careful husbandry, continued striving, and perchance the faith that if one had shown himself a worthy steward of his possessions, there would await him at the end of life the inimitable praise, "Well done . . . ," promised in religious teachings. The utopian dream is the opposite of the American dreams. It is a vision of earthly bliss, not of struggle and accomplishment. It is a collective vision, not an individualistic one. The vision is one for society, and everyone in society must be drawn into it, whether he will or no. It is monolithic; diversity must yield to uniformity and conformity for it to be realized (if it could be). Utopians have, of course, pictured release and "freedom" for individuals in their utopias, but such evidence as we have from attempts to create utopias indicates that no importance need be attached to these claims.

"The Dream" Emerges

In the course of time, though, American dreams have begun to be subsumed into An American Dream. Even in our day, individuals still dream and work for the fulfillment of their dreams – with considerable success as measured by the homes, farms, vacation cottages, and businesses that they own. But the Dream is swallowing up the dreams, as property is circumscribed by restrictions, as taxes increase at all levels, as government guarantees of security replace individual provisions for security, as inflation destroys the utility of money as a means of saving, and as people are bombarded on every hand by products of thought carried on at the level of social units rather than individuals. In short, a transformation has taken place in the type of

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dreams that are approved by society, and a long term effort has gone on to draw men into the mental context of a single dream or vision.

In political terms, the Dream has had a variety of names: the Square Deal, the New Freedom, the New Deal, the Fair Deal, the New Frontier, and, most recently, the Great Society. In the latter two phrases the character of the Dream is made manifest with greater clarity: it is a collective vision to be arrived at collectively by the use of government to reconstruct men and society.

The terms may be new, but the Dream is an old one. It is a utopian vision for America. The struggle to implant the vision in the minds of Americans has been a long one (and will require considerable verbiage in the telling of it), for the vision was set forth in a manner that began to appeal to some Americans in the last years of the nineteenth century. Utopian novels poured forth in great number and variety from about 1885 to 1911. As one book points out, "the 1890's in the United States [w]as the most productive single period in the history of utopian thought."[4] Some of the more important utopias, mainly by American writers, were: Ignatius Donnelly, *Caesar's Column* (1890); William Morris, *News from Nowhere* (1890); Thomas Chauncey, *The Crystal Button* (1891); Ignatius Donnelly, *The Golden Bottle* (1892); William D. Howells, *A Traveler from Altruria* (1894); H. G. Wells, *The Time Machine* (1895); and Edward Bellamy, *Equality* (1897).[5]

"Looking Backward"

One book, however, may have been more important than all the others combined in awakening the vision in America. It certainly gave great impetus to the production of utopias by its success. This was Edward Bellamy's *Looking Backward,* published in 1888. By 1890 the book had sold 200,000 copies, and was in that year selling at the rate of 10,000 every week.[6] It is, even today, available in an inexpensive paperback edition. Within two years after the publication of the book, 162 clubs located in 27 states were holding meetings. They were called Nationalist clubs. Bellamy did not use the word socialist to describe his obviously socialist system, and his early followers took a more neutral word also. A magazine,

[4] Glenn Negley and J. Max Patrick, *The Quest for Utopia* (New York: Henry Schuman, 1952), p. 138.

[5] See *ibid.*, pp. 19-20.

[6] Daniel Aaron, *Men of Good Hope* (New York: Oxford University Press, 1951), p. 104.

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called *The Nationalist,* was founded by friends of Bellamy to spread the ideas. The book had an impact upon such well-known figures as William Dean Howells, Mark Twain, and Thorstein Veblen. The Populist Party was influenced by Bellamy, for an observer at the Convention in 1892 declared that Bellamy's readers "were the brains of the convention. They were college professors, editors, artists, and authors. . . ."[7] Bellamy was friendly with all sorts of reformers and intimate with some of the professed socialists. Henry Demarest Lloyd wrote him in 1896, "The movement we are in *is* International Socialism. . . . Why not recognize it and say so!"[8] Bellamy, however, made socialism palatable as a dream to many people without calling it by that name.

What was there about this book that occasioned its great impact? An examination of *Looking Backward* is in order. It is a novel, a romance, a fantasy. It is set in the city of Boston in the year 2000. It has its hero (Julian West) and its heroine (Edith Leete) who give the story its "love" interest. The very clever device for unfolding the story is that the hero was mesmerized in 1887 and slept unbeknownst to anyone until 2000. This device allows the reader to identify with West as he encounters the surprising changes that have occurred during his long sleep. Boston has been transformed. His first view of the city convinces him of this:

> At my feet lay a great city. Miles of broad streets, shaded by trees and lined with fine buildings, for the most part not in continuous blocks but set in larger or smaller inclosures, stretched in every direction. Every quarter contained large open squares filled with trees, among which statues glistened and fountains flashed in the late afternoon sun. Public buildings of a colossal size and an architectural grandeur unparalleled in my day raised their stately piles on every side. Surely I had never seen this city nor one comparable to it before.[9]

It was Boston all right; the familiar pattern of the Charles River assured him of that. But it was a New City he beheld, located on a New Earth. In short order he was to learn that not only had the change occurred in Boston but also throughout the United States. Beyond that, Europe had been transformed as well, and the rest of the world was in the process of a similar change. Utopia had been achieved.

In this New Age, war has been banished from the face of the earth; universal peace reigns supreme. There is no longer any

[7] Quoted in *ibid.*, p. 130.
[8] Quoted in *ibid.*, p. 132.
[9] Bellamy, *op. cit.*, p. 38.

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crime to speak of, only something called atavism – vestigial remains of the criminal mind from another era – which produces occasional antisocial acts. There is no longer any corruption or demagoguery in politics – in fact, there is very little politics. There are no labor problems, nor any other class or group problems. All destructive activities have been banished, and a vast surge of constructiveness and creativeness has emerged. As Dr. Leete, the interlocutor of the story, describes the situation:

"It has been an era of unexampled intellectual splendor. Probably humanity never before passed through a moral and material evolution, at once so vast in its scope and brief in its time of accomplishment, as that from the old order to the new in the early part of this century. When men came to realize the greatness of the felicity which had befallen them, and that the change through which they had passed was not merely an improvement in details of their condition, but the rise of the race to a new plane of existence with an illimitable vista of progress, their minds were affected in all their faculties with a stimulus, of which the outburst of the mediaeval renaissance offers a suggestion but faint indeed. There ensued an era of mechanical invention, scientific discovery, art, musical and literary productiveness to which no previous age of the world offers anything comparable."[10]

[10] *Ibid.*, p. 161.

The Planned Economy

What had wrought all these marvelous changes? It all came about very simply, or so Bellamy would have us believe. All private production of goods and provision of services was taken over by the government. The economy was rationally organized – i. e., planned, money abolished, income equalized, production scientifically planned, competition eliminated, and men bountifully supplied with goods and services. Labor was provided by an industrial army, to which every male was subject from 21 to 45. The industrial forces were organized in great guilds, and the President of the country chosen from these. Professionals had their own organizations.

One might suppose that this drastic alteration in ways of doing things had been accomplished by revolution. Not at all; instead, it came about by peaceful evolution. Let Dr. Leete describe the process once more:

"Early in the last century the evolution was completed by the final consolidation of the entire capital of the nation. The industry and commerce of the country, ceasing to be conducted by a set of irresponsible corporations and syndicates of private persons at their caprice and for their profit, were intrusted to a single syndicate representing the people, to be conducted in the common interest for

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the common profit. The nation, that is to say, organized as the one great business corporation in which all other corporations were absorbed; it became the one capitalist in place of all other capitalists, the sole employer, the final monopoly in which all previous and lesser monopolies were swallowed up, a monopoly in the profits and economies of which all citizens shared. The epoch of trusts had ended in The Great Trust. In a word, the people of the United States concluded to assume the conduct of their own business, just as one hundred odd years before they had assumed the conduct of their own government, organizing now for industrial purposes on precisely the same grounds that they had then organized for political purposes."[11]

In the accomplishment of this, " 'there was absolutely no violence. The change had been long foreseen. Public opinion had become fully ripe for it, and the whole mass of the people was behind it.' "[12] Neither violence, discord, nor compulsion ushered in the new age, nor characterized relationships within it. Instead, as Dr. Leete explains to Julian West, " 'If I were to give you in one sentence, a key to what may seem the mysteries of our civilization..., I should say that it is the fact that the solidarity of the race and the brotherhood of man . . . are . . . ties as real and vital as physical fraternity.' "[13]

Julian West poses the obvious question at an earlier point in the book:

"Human nature itself must have changed very much," I said.

"Not at all," was Dr. Leete's reply, "but the conditions of human life have changed, and with them the motives of human action."[14]

A minister takes up the explanation:

"... Soon was fully revealed, what the divines and philosophers of the old world never would have believed, that human nature in its essential qualities is good, not bad, that men by their natural intention and structure are generous, not selfish, pitiful [full of pity], not cruel, sympathetic, not arrogant, godlike in aspirations, instinct with divinest impulses and self-sacrifice, images of God indeed, not the travesties upon Him they had seemed. The constant pressure, through numberless generations, of conditions of life which might have perverted angels, had not been able to essentially alter the natural nobility of the stock, and these conditions once removed, like a bent tree, it had sprung back to its normal uprightness."[15]

The mode of the transition from the old to the new society is vague

[11] *Ibid.*, p. 56.

[12] *Ibid.*, p. 57

[13] *Ibid.*, p. 137

[14] *Ibid.*, pp. 60-61

[15] *Ibid.*, pp. 287-88.

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and inexplicit. Unlike Khrushchev – and Marx before him – Bellamy believed that it was possible to make omelets without breaking eggs. But no such vagueness attends the descriptions of the good society which has emerged in 2000 A. D. It is described in loving detail. Julian West visits the department stores from which goods are obtained, and the distribution system from central warehouses is amply described. The system of state issued credit which replaces money is pictured minutely. How men are got to perform the various services for society are spelled out in intricate detail.

Blueprint for Tomorrow

It does not require a great deal of imagination, either, to see that many things which Bellamy envisioned have begun to emerge in many tendencies of our day – if one ignores the compulsion, the thrust to power of politicians, the unpleasantness, and the dreary uniformity of state produced things, that is, if one removes the utopian elements. Bellamy made it clear, in a letter appended to *Looking Backward*, that he intended the book as predicting things to come:

> *Looking Backward*, although in form a fanciful romance, is intended, in all seriousness, as a forecast, in accordance with the principles of evolution, of the next stage in the industrial and social development of humanity, especially in this country....[16]

A few examples of some "forecasts" will reveal Bellamy's prescience. Saving is no longer a virtue in this socialist heaven. Dr. Leete explains why this is so:

> "The nation is rich, and does not wish the people to deprive themselves of any good thing. In your day, men were bound to lay up goods and money against coming failure of support and for their children. This necessity made parsimony a virtue. But now it would have no such laudable object, and having lost its utility, it has ceased to be regarded as a virtue."[17]

The explanations that are currently offered for the phenomenon differ somewhat from this, but saving is no longer generally recognized as a virtue among us. Nor in the good society pictured for us is there any longer any connection between amount of work and rewards for it. Dr. Leete is again the narrator:

> "Desert is a moral question, and the amount of the product a material quantity. It would be an extraordinary sort of logic which should try to determine a moral question by a material standard.... All men who do their best, do the same. A man's en-

[16] *Ibid.*, p. 334.
[17] *Ibid.*, pp. 89-90.

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dowments, however godlike, merely fix the measure of his duty."[18]

In short, each person receives the same income, regardless of his contribution. Greater ability only denotes greater responsibility to contribute to the general well-being. We have developed a variety of devices, notably the progressive income tax, for achieving this ideal.

Many other similar examples are given. There is no longer anything which could be called charity. Each person receives an income by virtue of his being a person, and this income is conceived of as his by right. They spend their surplus on public works, " 'pleasures in which all share, upon public halls and buildings, art galleries, bridges, statuary, means of transit, and the conveniences of our cities, great musical and theatrical exhibitions, and in providing on a vast scale for the recreations of the people.' "[19] (It could be that John Kenneth Galbraith's recommendations for spending on the "public sector" were not as original as has been supposed.) Children are no longer dependent upon parents for their livelihood, and the only family bonds are affectional. State governments have disappeared, and such power as remains has been centralized in Washington. World peace is maintained by " 'a loose form of federal union of world-wide extent. An international council regulates the mutual intercourse and commerce of the members of the union, and their joint policy toward the more backward races, which are gradually being educated up to civilized institutions.' "[20]

Of course, Bellamy was not forecasting; he was dreaming. He was dreaming a dream which evoked or reinforced a vision which had already begun to take shape in the minds of many reformist intellectuals. He made socialism so vague as to how it was to be achieved and so bright as to the future it would bring that many began to lose their misgiv-

[18] *Ibid.*, p. 94.

[19] *Ibid.*, p. 243.

[20] *Ibid.*, p. 140. Bellamy provided something else, too, a distorted version of history in the latter part of the nineteenth century, which many a history textbook still carries. Note this description of competition. " 'The next of the great wastes was that from competition. The field of industry was a battlefield as wide as the world, in which the workers wasted, in assailing one another, energies which, if expended in concerted effort . . . would have enriched all. As for mercy or quarter in this warfare, there was absolutely no suggestion of it. To deliberately enter a field of business and destroy the enterprises of those who had occupied it previously . . . was an achievement which never failed to command popular admiration. Nor is there any stretch of fancy in comparing this . . . with actual warfare.' " *Ibid.*, pp. 230-31.

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ings about it. Above all, he domesticated and "Americanized" socialism and contributed greatly to sowing the seeds which have produced a plant that comes nearer and nearer to being An American Dream. By 1964, Democrats in convention could evoke many of the attributes of Bellamy's utopia as recent accomplishments or things to come in the future unabashedly. They could do this, just as Bellamy could, without reference to the compulsion, intervention, loss of vitality in human relations, power in the hands of politicians, spreading deliquency, international disorder, and terror and violence let loose in the world. In short, many people have now flown far enough from reality that they no longer distinguish between utopian fancies and the realities of the world in which they live.

This did not come about overnight, however. Some intellectuals, artists, politicians, and unwary readers may have taken up Bellamy's dream as their own in the 1890's, but most Americans did not. The indications are that a great preponderance of Americans who thought about it in those years would have agreed with Andrew Carnegie, who wrote in 1889:

> ...To those who propose to substitute Communism for ... Individualism the answer, therefore, is: The race has tried that. All progress from that barbarous day to the present time has resulted from its displacement.... It necessitates the changing of human nature itself.... We might as well urge the destruction of the highest existing type of man because he failed to reach our ideal as to favor the destruction of Individualism, Private Property, the Law of Accumulation of Wealth, and the Law of Competition; for these are the highest results of human experience....[21]

At any rate, American voters turned back populism at the polls, rejected Bryan and his more moderate reformism, turned down the Socialist Party in election after election, and would accept only bits and pieces of reformism for many years.

Before Americans would be drawn into the orbit of the vision, their eyes had to be drawn away from viewing human nature, laws in the universe, absolutes and principles, and the record of history. A new outlook had to precede the general acceptance of the dream. The flight from reality had to be extended. ◈

[21] Andrew Carnegie, "Wealth," *Democracy and the Gospel of Wealth*, Gail Kennedy, ed. (Boston: D. C. Heath, 1949), p. 3.

The next article in this series will concern "The Pragmatic Sanction of Flux."

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The Frontier Is FREEDOM

EDWARD P. COLESON

IN the report of the Superintendent of the Census for 1890 appeared the remark that at long last the frontier was gone, that while there were still pockets of unsettled territory, there could hardly be said to be a frontier line anymore. Thus closed an epoch in American history, an heroic and often tragic story of the winning of a continent.

But the passing of the actual frontier was not the end of the story, just the beginning: apparently the energies once expended on the Oregon Trail or clearing a plot of land about the cabin door were now to be released on a new fictional frontier where countless millions of cowboys and Indians would perish on movie and TV screens. The battle for the West had just begun.

Furthermore, the preoccupation with the American frontier is more than an obsession of "pulp" magazine writers and their fans. Serious scholars have attributed all sorts of virtues to the American people, clearly the consequence of the pioneer experience, or so they think. Others were sure that such calamities as the Great Depression were in fact the consequences of the passing of the frontier: we just couldn't live without one! And, finally, when politicians run out of slogans – New Deals, Fair Deals, and the like – there is always the New Frontier to catch votes.

Just what was this "frontier effect," which has such a hold on the American imagination, and

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how has it shaped our country for good or ill?

What the Frontier Didn't Do

The opening up of the New World by Columbus, Cabot, Drake, and a host of others was a tremendous event to a Europe which had been stewing in its own juice for centuries. Here were boundless horizons and new frontiers without limit. Surely, our contemporaries reason, liberty was the natural outgrowth of such an expansive situation in a world of unspoiled abundance. It is inevitable also, according to the same logic, for us to find ourselves in quite a different situation today with our empty lands long since filled and our resource base already seriously depleted. The freedom of the frontier is no longer possible; and anyone who insists we could and should operate our economies and governments according to the principles of the "Gay Nineties" is completely out of contact with reality, or so we are told.

Now, as a matter of fact, the latter part of the nineteenth century and the early years of the twentieth, up until about World War I, was one of the outstanding eras of human liberty in world history. John Maynard Keynes extols this period in the most complimentary terms. But we must not assume, as people tend to do, that if life in the 1890's was relatively simple and unfettered that the 1790's must have been freer and the 1690's still more so. This just isn't the truth. The world of three or four centuries ago, with the machine age still well in the future and vast areas yet unexplored, was as complicated and repressive in its way as our own — and for the same reason. Freedom is the consequence of a philosophy of life, a *Weltanschauung* or "world view" as the Germans would say, a *modus operandi*, the outworking of a deliberate choice, and not the spontaneous result of living at a special time in history or in some favored natural environment.

The notion that freedom is as natural as breathing for those hardy souls who dwell on the pioneer fringe is not supported by the facts. If the English settlers in America absorbed the love of freedom by osmosis from the air or water of the New World, then why didn't the French and Spanish catch it, too? New France was born in chains and never prospered; that is one of the reasons why the English finally won out.

Spain's regulations of her American colonies were, if anything, even more stupidly repressive. In fact the only legal outlet for an

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Argentine cow, about the only likely export of the fertile pampas back then, was westward across the continent, up over the Andes (the second highest range in the world), by ship from Peru to Panama, then across the fever-infested Isthmus, and finally once a year to Spain, when the royal convoy sailed. All of this man-made complexity and confusion, when a child could see that the obvious and practical route was out the front door through Buenos Aires by direct sea route to Europe!

The colony would have languished utterly but for an active smuggling trade carried on in spite of terrible penalties. Had one remonstrated with the royal bureaucracy about this or a multitude of other equally inane prohibitions, he would have been told that there was already a "surplus" and, but for these benign restrictions which like a dam held back this ruinous wave of potential abundance, the markets of the world would be inundated with such a glut that every tradesman, merchant, and farmer would be bankrupt.

This pleniphobia, or fear of abundance, was as much of an obsession to the seventeenth century mercantilists as it is to our contemporaries who are sure automation will be our ruin. It is hard for us to see how they ever got the notion that their meager little was too much; yet, so many fail to see that there are still vast unmet needs even today.

Frontier Abundance and Reality

Not only is freedom far from a spontaneous development on the frontiers of the world, but the familiar notion of the fabulous wealth of a bounteous nature needs some qualification. Many a "modern" who prates endlessly about the departed glories of earlier days would return by jet plane, the next flight, should anyone exile him to some pioneer settlement of today. Trees on the stump and ore in the ground are indeed assets, but they take some fixing before they are very useful. One might starve or perish from exposure in the midst of such natural abundance, as indeed many have, simply because most of nature's gifts must be processed to be of any use to mankind.

Of the many broad and rich frontiers of George Washington's day – and the world was mostly "new frontier" from pole to pole back then – only a few conspicuous areas have developed phenomenally. The rest are still backward, probably now the beneficiaries of some development program. They haven't advanced and won't, not because resources are

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lacking but because the conditions necessary for progress are lacking. While such people need modern machinery, education, sanitation, and about everything else imaginable, these tools and techniques still won't get them started down the road of progress in any permanent way unless they change their minds fundamentally. The philosophy of freedom, liberty under law, could accomplish for them what multiplied billions in foreign aid has not done and cannot do.

When the Industrial Age started somewhat more than two hundred years ago, the Western world suffered from the same health and nutritional problems that plague the backward areas even today. There was the same desperate problem of poverty and want that casts its shadow over many a land today. In England two centuries ago, a bushel of wheat cost nearly a full week's wages for a common laborer. The diet was meager and monotonous, and famine stalked the land when the scanty crops failed due to natural calamities. Epidemics swept away large fractions of the population on occasion. Infant and childhood mortality was appallingly high: Adam Smith remarked that it was not uncommon to find a peasant mother in the Highlands of Scotland who had borne twenty children but had not even two yet surviving. In short, we find the same heart-rending conditions that can be found in the backward areas of the world even today. What happened to change all this for a few favored people like you and me in the midst of a world of ignorance and want, where the typical individual goes to bed hungry every night?

Frontiers or Freedom?

While some were seeking New Frontiers, other Englishmen began to tinker with textile machinery in the early years of the eighteenth century. Somewhat later Watt produced a practical steam engine that got industrial production off to a vigorous start. While it is never possible to know all the conditions which went into making a given situation develop as it did, one thing is certain. This movement for the betterment of mankind came close to dying in its infancy. Watt was not permitted to set up a shop in Glasgow, and might never have gotten his chance at all if the University had not taken him in as the official instrument maker. Savage mobs attacked the new textile mills and destroyed them. The sewing machine was invented in France before it was known in America, but was destroyed by French tailors who feared auto-

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mation. A mowing machine was devised in England before McCormick invented the reaper, but again it was throttled in its infancy. Ingenious people no doubt invented many a contrivance again and again across the ages, only to have them stillborn because of the difficulties of machining without the lathes and other machine tools we take for granted and more particularly because the neighbors simply would not allow the new labor-saving device to come into being.

There is little reason to believe that the frontier held the magic that a lot of people ascribe to it. Astounding progress has exploded in old settled lands such as the England of George III or West Germany after World War II. Frontier lands have remained primitive for generations. Nations with great natural resources have stagnated while tiny countries like Switzerland have forged ahead without much of anything to go on. The mysterious ingredient of industrial progress is simply the freedom to try and the assurance that creative effort will be rewarded. The stagnation of the Great Depression was the consequence of massive governmental interventions in the economic process, not the passing of the frontier.

Certainly, the backwardness of many an underdeveloped nation today is related to the fact that the enterprising individual is stigmatized and ruined by his neighbors and the local officials. To have lived in some remote "native" village long enough to know how their social curbs on progress operate is to understand why the best laid plans of economic development schemes have a way of failing utterly. Without freedom to achieve and without a measure of security for life and property, aid is useless; and with freedom, it is unnecessary. Any enterprising investor is happy to put his money into a going concern and nothing succeeds like success. But the rigidities of a managed economy stifle initiative and scare off venture capital, keeping the depressed area stagnant and backward. Only a rich country can afford the economic interventions of socialism — and they can't afford it for long.

Freedom is not a luxury for a few wealthy nations, as many of our liberal pundits try to tell us, but a necessity for the poor and hungry as Erhard's Germany so eloquently demonstrated after her crushing defeat in World War II. ◈

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"The Great Society"

NOT SO LONG AGO one would have sworn that collectivist and interventionist thinking was losing its appeal. The economists were revolting against Lord Keynes, at least to the extent of becoming "neo-Keynesians" or "post-Keynesians." Students were becoming Young Americans for Freedom, or joining the Intercollegiate Society of Individualists. The conservative movement was gaining many new adherents.

Now, suddenly, everything seems to be reversed. The Left has come back with a rush. A socialist book, *The Other America – Poverty in the United States,* by Michael Harrington, becomes the Bible of those who are pushing an anti-poverty campaign that depends on self-defeating state action. The ancient League for Industrial Democracy, an outgrowth of the Intercollegiate Socialist Society, does not seem to be stirring, but the W.E.B. DuBois Clubs, which proclaim an unaffiliated Marxism, have started to snowball, particularly on the West Coast. The young who were looking to a revival of conservatism yesterday have been followed by an even younger set who are going in for "personalist" commitment to nonlibertarian causes.

In the middle of it all President Lyndon B. Johnson has become enamoured of a phrase, "the Great Society." Whether he plucked the phrase out of his own memory, or whether it was fed to him by one of the task force papers which Professor Eric Goldman of Princeton has been in the course of assembling, is immaterial. The point is that the phrase comes from the title page of a pre-World War I book, *The Great Society,* by a Fabian socialist Englishman named Graham Wallas. Thus the movement started by Bernard Shaw, H. G. Wells, Mr. and Mrs. Sidney Webb, and the other members of the English Fabian Society in the eighties and nineties of the last century is still bearing fruit.

Since I have long been interested in the relations between ideologues and politicians, I took Graham Wallas's book off the

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dusty shelves the other day and started reading it for the first time in some forty years. As Wallas used the phrase, "the Great Society" was merely descriptive of the increasing urbanized condition of life imposed on the Western world by the spread of the Industrial Revolution. Wallas spoke of the steam engine and the rise of the Manchester cotton mills as imposing an "extension of the social scale" upon the human species. The argument is now so familiar as to be platitudinous: the villager in northern Michigan or the Orkney Islands cannot escape the implications of the international division of labor and the coming of the population explosion.

Wallas was not advocating anything tendentious by his use of the term "the Great Society" as a description of an historical trend. But when he came to proposing means of adaptation to this society, he could think of nothing better than Fabian penetration of the economic system by collectivist bureaucrats and collectivist methods. He wanted a Mixed Economy, even though that term had not yet come into general usage in 1914.

Modern Variations

Lyndon Johnson's use of Graham Wallas's book title twists things around a bit. To LBJ's way of thinking, we have not yet arrived at "the Great Society." What the President has in mind when he uses the phrase is not "the extension of social scale" imposed by jet aircraft, or computers, or automated factories. The Great Society of Lyndon Johnson's dreams won't be here until we have used modern scientific developments to eradicate poverty, to give every child a good education, and to make all our communities healthy, happy, and beautiful.

Nobody, of course, can make a brief for poverty, ignorance, and ugliness. But the disturbing thing about the current belated romance with Graham Wallas's Fabian tract of 1914 (which, incidentally, was dedicated to Walter Lippmann) is that the 1965 program for reaching "the Great Society" has a distinctly Fabian flavor of its own. Those now in the political driver's seat want their own gradualist approach to federally-supported medicine and to Washington-directed programs for wiping out pockets of poverty in the Appalachians and bringing schoolbooks and remedial reading teachers to Harlem and back-of-the-yards Chicago.

Back in the early nineteen twenties, when I first read Graham Wallas, I could have been for the

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current program. But since then the Britain which Wallas hoped to reform by a Fabian "organization of happiness" has given a rather thorough trial to the schemes now being proposed. The result has not been the attainment of the sort of "Great Society" which our officeholders want. On the contrary, Britain in 1965 is floundering in a most unhappy way.

Socialized Medicine

Britain has its compulsory medical insurance program. But it has not been building new hospitals, and doctor friends of mine who are by no means "reactionary" insist that medicine in the Britain of today is in a period of decline. The British have had to recruit nurses from overseas. Young doctors have been emigrating to Canada and Australia. "It's poor medicine for everybody today in Britain, and good medicine only for the rich who can pay for private service," says a New Haven, Connecticut, gynecologist, Dr. Virginia Stuermer.

Using Fabian techniques, Britain has been trying to modernize its industry to the point of wiping out poverty. But its steel mill owners frightened by the probability of a final nationalization of basic steel-making facilities, have had no incentive to make their plants as efficient as some in the German Ruhr or in Gary, Indiana. The British pound is today in trouble because Fabian "planning" has kept the British industrial machine from making itself competitive with continental Europe, the United States, and Japan in world markets. Wages in Britain have outpaced productivity increases. Prices are still rising. And the response of the Harold Wilson government to this state of affairs has been to try to insulate the British economy from that of the outer world by putting a 15 per cent tax on imports.

The Fabian way is to impose controls from the top in order to "socialize" individual income. The 1965 approach is admittedly a bit different: subsidizing new schemes of production in the mountain backwaters of Kentucky and paying for schoolbooks in Manhattan is not all-out socialist "central planning." But the impact on the budget can hurt the currency in which the entire nation does its business. The adoption of the Fabian "inevitability of gradualism" to the solution of our problems necessarily aggrandizes the power of the central state.

The Voluntary Way

The shame of it is that the present program for attaining the

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"Great Society" will be imposed from Washington on a nation that has given every indication of solving its problems by a combination of voluntary individual action and local, state, and municipal measures. I think of Richard Cornuelle's success in establishing a private reinsurance program for banks which have been lending money to deserving college students. I think of the Western Student Movement, which has been recruiting high-stand university undergraduates to help cut down on school drop-outs by offering free tutoring services to slum children in the Los Angeles, San Francisco, and San Diego areas. Anything that's peaceful and voluntary, as Leonard Read says, is a proper means of getting to the Great Society. Instead, Graham Wallas is being heeded, though his 1914 ideas have already failed wherever they have been tried. ◈

▸ THE MIND AND ART OF ALBERT JAY NOCK by Robert M. Crunden (Chicago: Henry Regnery Company, 1964). 230 pp., $4.95.

Reviewed by Robert M. Thornton

THIS IS the first full-length study of Albert Jay Nock, and happily for admirers of that "superfluous man" Mr. Crunden's primary interest is not the personal life of his subject but rather what the man thought and how he came to think it.

In a scholarly fashion Crunden tells of Nock's public career as a man of letters and discusses systematically the men who exerted the greatest intellectual influence on him – Matthew Arnold, Herbert Spencer, Henry George, and Franz Oppenheimer. He also explains Nock's fondness for such diverse personalities as the little appreciated "humorist" of Civil War days, Artemus Ward; the often misunderstood French writer of the sixteenth century, Francis Rabelais; and the cantankerous Mayor of New York in the early 1900's, William Jay Gaynor.

Crunden fully realizes that Nock cannot be neatly pigeonholed. With some justification he might be called a nineteenth century liberal (he was in favor of repealing laws and reducing government interference to a minimum), or a conservative (he wished to preserve everything worth saving and refused to entertain the illusion that society can and should be made over at the whim of reformers), or a radical (he sought true reforms and scoffed at the superficial changes that usually leave things worse

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than before). But Crunden is no doubt right in tagging Albert Jay Nock a Jeffersonian, for Nock, like our third President, instinctively championed the cause of individual liberty against government intervention, even when the latter came disguised as benevolence.

Crunden not only discusses Nock's ideas and the books he read, but he also evaluates the ideas in the air during the man's lifetime. Crunden regards Nock as one of the early challengers of the collectivist ideology that began to enjoy popular acceptance during the first half of the twentieth century; as such, Nock was one of the founding fathers of the present-day libertarian-conservative movement.

Nock was one of the few intellectuals of his day not guilty of what has been called "the treason of the clerks." He never lost his faith in the power of ideas, and thus stood apart from those around him who rushed out to "do something." He knew that right thinking must precede right action and that you change the world only by changing individuals — a job not to be accomplished by any sort of "machinery" such as world government, disarmament, or welfare legislation.

Another thing separating Nock from many "intellectuals" was the essential Christianity behind so many of his views. He opposed government doles, for instance, on the grounds that if it is truly "more blessed to give than to receive," then government takeover of charity deprives us of one of the great joys of life. He distrusted many government activities, not simply because they were questionable politically and economically but because the totalitarian state encourages a slave mentality among its citizens and discourages the sense of individual responsibility to one's God. It may be argued that Nock was a highly religious man (but not in the conventional sense) although many would class him as a heretic. Likely, he would have concurred with their opinion! Nock was not especially interested in "organized Christianity" for his religion was that of the first century Christians, a religion that was "a temper, a frame of mind . . . ." "Religion," he wrote, "is the highest effort of the human spirit towards perfection; it is an enthusiastic inward motion towards what St. Paul called 'the fruits of the spirit.'"

It must be emphasized that Crunden offers us, not indiscriminate acclaim of his subject but a disinterested work, the fruit of diligent research and serious study.

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A. J. Nock's great value, says Crunden, is that whether you agree with him or not, he will irritate you into thought. As a critic of high order Nock is "abrasive, insistent, and immovable." And, continues Mr. Crunden, "it is as critic and not as political thinker, of whatever label, that Nock should be remembered. He was far more a gadfly than an expounder of a fixed position. If, as should be obvious by now, he was often wrong, misguided, or simply eccentric, he was unfailingly his own man – incorruptible, unshakably honest. If he was also superfluous, it was both the fault of, and a loss to, the country which uncomprehendingly brought his ire and his intellect to life. . . . No matter where he stood, he did not seem to belong. He could only spatter ink on the most outrageous of the world's blemishes, and return to his own garden." ◈

The Cost of Eating

A NATION'S STANDARD OF LIVING can be thought of as being inversely proportional to the percentage of its labor force required to produce food. Compare the United States' 7 per cent on the farm with Canada's 10 per cent, West Germany's 13 per cent, Japan's 33 per cent, Russia's 39 per cent, India's 70 per cent, and Communist China's 87 per cent.

ELLISON L. HAZARD, President, Continental Can Company, from an address, "The Real Danger in Automation," October 9, 1964.

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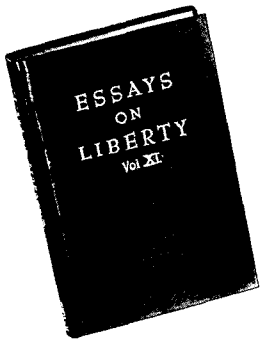

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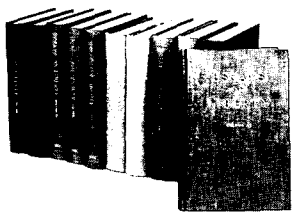

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IT ALL DEPENDS—

The following incidents recently brought home to me the vital difference between the profit motive and "free government service."

I was completing some last-minute Christmas shopping in a large department store. At last, my turn came to be "waited on"; and as the clerk rang up the sale, I commented, "Quite a crowd."

"Yes," she smiled, "our best day yet!"

I thought no more about it until I reached home. The mail truck was approaching, so I walked back down the driveway to pick up the mail, thanking the postman and remarking that he must have quite a load on this last day before Christmas.

"Yes," he replied, "the worst day we've ever had!"

DAVID A. STIGNANI
Minneapolis, Minnesota

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